

Traffic Management

THE STANDARD COURSE
OF THE
UNITED Y. M. C. A. SCHOOLS



BOOK I
FUNDAMENTALS OF TRANSPORTATION

BOOK II
TARIFF INTERPRETATION AND RATE
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EXPRESS AND PARCEL POST:
CLAIMS AND TRANSPORTATION LAW

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FREIGHT TRAFFIC GUIDE
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THE FIELD OF TRAFFIC Management

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Ocean Transportation

BY
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BOOK IV

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FOREWORD

The purpose of this text book is to enable the student in Traffic Management to gain exact knowledge of the fundamentals of ocean transportation. It treats of both export and import business, since both are forms of ocean traffic.

It has been the endeavor of the author to convey as much practical information as possible within the compass of the limited pages at his disposal. His chief concern has been not to give a vast amount of information, however interesting it might be, but to show exactly how ocean freight should be prepared for shipment and how it is handled from start to finish. In other words, we shall endeavor to teach the steps, the methods, the means, and the practices essential in transporting goods into and out of our country via ocean carriers.

The authority for many of the statements in the text, concerning export methods, is the book "Practical Exporting," by B. Olney Hough, whose very interesting Reading Assignment, entitled "Romance in Overseas Trading," accompanies this text. The student should supply himself with Mr. Hough's book and read it carefully. It has been selected as a reference book to further clarify the subjects presented in this text, because of its very complete and admirable treatment of the subject of Exporting in all of its phases.

Valuable information and interesting data may be obtained also from two other books; namely,

"Principles of Ocean Transportation," by Johnson and Huebner, and "Ocean Shipping," by Robert Edwards Annin.

These three books and the others mentioned in the course may be ordered from Association Press, 347 Madison Avenue, New York City.

The major portion of the contents of this text is derived from the experiences, in practice, of the author and of many of his friends who have been actively engaged in the export and import business for many years in the great port of New York. Acknowledgment is gratefully made to these friends for valuable suggestions and assistance; especially to Mr. T. S. Todd, of the firm of T. S. Todd & Company, to Mr. W. C. Wulp, Secretary, William E. Peck & Company, Inc., and to Mr. A. Q. Smith, Import Manager, F. W. Woolworth Company, each of whom is exceptionally expert in ocean traffic, because of extensive and long experience.

CHARLES F. WALDEN.

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Chapter 49

THE EXPORT TRAFFIC MANAGER

Foreign Commerce.—Export and import traffic is the business which lands our goods in the gay boulevard magasins of Paris, in the piazzas of Milan, in the bazars of Bombay, in the marts of Cairo, and in the markets of Calcutta; which piles them up in the quay warehouses of Liverpool and London and puts them to work in the wheat fields of Russia and Argentina and in the factories of the foreign world; which supplies many of the necessities of life to inhabitants of the Isles of the Sea, and luxuries to those residing in foreign palaces; or that brings to our shores from all quarters of the earth the products of factory, field, forest, jungle, and mine, in their raw or finished state, and places them in our factories, cities, and homes, to supply our needs and to furnish numerous comforts and countless luxuries.

What We Have Exported.—Figures for 1921, giving *export* values of goods shipped from the United States to foreign countries, show that although shipments were greatly below 1920 they were higher in value than in the year 1913. The tables on page 2 give the detailed comparison of export shipments for the twelve months ending December 31, 1921.

The officials of the Department of Commerce predict that more than \$5,000,000,000 worth of

EXPORTS FROM THE UNITED STATES

From each of the amounts in the following tables the last three ciphers have been omitted. The actual totals of exports, therefore, were for 1921—\$4,485,122,000; for 1920—\$8,228,016,000; for 1913—\$2,484,310,000.

EXPORTS TO GEOGRAPHICAL REGIONS	1921	1920	1913
Europe.....	\$2,363,917	\$4,466,000	\$1,499,572
North America.....	1,129,636	1,929,162	601,476
South America.....	273,321	623,916	146,514
Asia.....	486,095	771,748	126,122
Oceania.....	159,282	271,435	81,695
Africa.....	72,868	165,661	28,929
Total.....	<u>\$4,485,122</u>	<u>\$8,228,016</u>	<u>\$2,484,310</u>
EXPORTS TO PRINCIPAL COUNTRIES	1921	1920	1913
Belgium.....	\$117,880	\$282,479	\$64,317
Denmark.....	39,554	85,074	18,617
France.....	224,941	676,190	153,922
Germany.....	372,325	311,437	351,930
Greece.....	29,376	39,462	1,102
Italy.....	215,462	371,762	78,675
Netherlands.....	170,880	245,803	121,552
Norway.....	32,117	94,661	9,255
Spain.....	69,197	151,440	30,773
Sweden.....	37,565	114,889	13,586
Switzerland.....	7,741	44,909	836
United Kingdom.....	942,106	1,825,033	590,732
Canada.....	593,675	971,852	403,491
Central America.....	53,197	86,366	40,163
Mexico.....	221,854	207,858	48,052
Cuba.....	187,726	515,208	73,238
Argentina.....	110,833	213,725	54,980
Brazil.....	58,106	156,740	39,901
Chile.....	26,487	55,274	16,616
Uruguay.....	13,771	33,720	7,617
China.....	108,290	145,737	26,843
British India.....	56,769	99,827	10,966
Dutch East Indies.....	32,340	59,018	3,358
Japan.....	235,423	377,941	62,499
Australia.....	82,756	119,778	43,773
Philippine Islands.....	46,516	99,829	27,897
British South Africa.....	25,373	60,939	15,986
Egypt.....	13,704	38,121	2,167

American goods, manufactured and raw materials, will be sold abroad during 1922.

In a recent issue of the New York Herald, the following statement appeared:

"Despite the pessimistic predictions, the United States is well ahead of England in the export trade, reports to the Commerce Department show. England formerly was the world's greatest trading nation.

"Foreign trade in large volume means more money in the pocketbook of every family in the United States, not just additional revenue for big corporations, Government officials explain. It is tending to decrease unemployment. Japanese buyers are now supplying jobs for steel workers of Chicago, Pittsburgh, and Birmingham. Chinese textile mills are bidding for cotton, which must be cultivated by farm hands in the South. South American countries want American machinery, which is manufactured in every large city of this country. Every person in the United States will share, it is emphasized, in the Nation's export business."

What We Have Imported.—Figures for 1921, giving the values of goods shipped into the United States from foreign countries, show that although the imports were greatly below 1920 they were higher in value than in the year 1913.

The following tables give the detailed comparisons of imports for the twelve months ending December 31, 1921:

Ocean Transportation

IMPORTS TO THE UNITED STATES

From each of the amounts in the following tables the last three ciphers have been omitted. The actual totals of imports, therefore, were for 1921—\$2,509,025,000; for 1920—\$5,278,481,000; for 1913—\$1,793,038,000.

IMPORTS FROM GEOGRAPHICAL REGIONS	1921	1920	1913
Europe.....	\$764,942	\$1,227,842	\$864,986
North America.....	754,726	1,662,663	389,951
South America.....	295,622	760,999	198,239
Asia.....	565,700	1,283,725	281,412
Oceania.....	87,660	192,965	34,719
Africa.....	40,372	150,285	23,729
Total.....	<u>\$2,509,025</u>	<u>\$5,278,481</u>	<u>\$1,793,038</u>
IMPORTS FROM PRINCIPAL COUNTRIES	1921	1920	1913
Belgium.....	35,242	47,443	41,358
Denmark.....	8,854	20,575	2,466
France.....	141,885	165,654	138,933
Germany.....	80,279	88,836	184,211
Greece.....	21,737	20,144	3,256
Italy.....	62,289	75,356	55,322
Netherlands.....	45,226	95,233	37,638
Norway.....	13,005	21,627	8,412
Spain.....	26,159	42,513	24,412
Sweden.....	19,765	31,612	12,295
Switzerland.....	41,315	54,556	24,361
United Kingdom.....	238,796	513,846	271,954
Canada.....	335,441	611,863	142,127
Central America.....	30,797	66,675	17,989
Mexico.....	119,145	179,331	81,877
Cuba.....	230,374	721,693	125,093
Argentina.....	59,925	207,776	25,575
Brazil.....	96,326	227,587	100,947
Chile.....	46,935	120,515	29,553
Uruguay.....	12,512	33,780	1,840
China.....	101,135	192,708	40,120
British India.....	78,188	176,073	70,360
Dutch East Indies.....	32,141	167,415	4,995
Japan.....	251,267	414,579	98,935
Australia.....	22,820	45,982	10,420
Philippine Islands.....	52,161	112,951	17,913
British South Africa.....	7,893	20,616	3,066
Egypt.....	22,013	97,015	17,249

Principal Ports of the United States. — The principal ports of the United States, from which goods are exported and into which imports come, are as follows: Baltimore, Md.; Boston, Mass.; Galveston, Tex.; Jacksonville, Fla.; Los Angeles, Cal.; Mobile, Ala.; New Orleans, La.; New York, N. Y.; Philadelphia, Pa.; Portland, Ore.; San Francisco, Cal.; Savannah, Ga.; Seattle, Wash.

The port of New York is the first and largest export port of the United States. Over one-third of the total exports of the country pass through this port, and it is the greatest shipping port for the most varied number of commodities to the largest number of the world's markets.

The port of Galveston is the second export port, being the largest cotton port in the world; yet Philadelphia holds undisputed position as second in volume of tonnage.

During the Great War the export business from this country, exclusive of exports of munitions or war supplies, was increased to an enormous extent; in fact it was more than trebled. We have had the opportunity of introducing many new goods into old markets and of developing an immense trade with comparatively new markets.

The United States at present is not only the world's greatest producer and manufacturer, but our foreign commerce is unquestionably bound to continue its expansion. The World War, of course, threw all business out of balance, but there is no doubt that when business again resumes a normal state the export trade of the United States will,

for years to come, exceed anything we dreamed of before the war; and the steamers of our vast merchant marine will soon be plying continuously between the ports of the world carrying full cargoes.

Need for Export and Import Traffic Men.—The foregoing figures demonstrate plainly the enormous volume of business handled in ocean transportation. Before you now lies this large and fertile field of opportunity. The demand of merchants for trained export traffic men will increase each year, because few men are capable of handling the intricate problems arising in export trade.

Those problems are intricate because export traffic is handled in many different ways; in fact, there are rarely two shipments entirely alike—each one stands on its own merits and has to be handled accordingly. There are no two countries in the world to which the same regulations apply. In many countries the laws are constantly changing and the consular regulations are very strict; consequently it requires a very alert and capable man to keep his company out of trouble, as heavy fines are imposed by the officials of those countries on shipments which have been handled incorrectly.

The Science of Traffic has followed the development of National and State traffic regulations. Government regulation of ocean traffic, however, has not yet been developed. As a result, there

is very little text and instruction material available which deals scientifically with the rules and practices of export traffic. Consequently, the successful export man will find it necessary to be especially resourceful and diplomatic in his personal contacts; and, in the second place, he will be forced to depend upon practical experience for the more intricate principles and methods of successful export traffic procedure. It is like learning to swim. There is no better way to learn than to go into the water.

The method of handling export traffic is very complex, and ability to handle it correctly can be developed only by actual experience. One may acquire this experience through employment with a large export house, a foreign forwarding company, or a custom house broker; but it will require time and patience and persistence for the employe to gain broad knowledge of export traffic if he depends upon getting that knowledge solely from his job.

In all industries, employes are usually assigned to certain duties or positions and rarely are they afforded an opportunity to acquire more than scant knowledge concerning the duties of their fellow employes. For this reason advancement is slow. Unless a man has an inquisitive mind, together with initiative and perseverance sufficient to acquire a knowledge of other positions, he frequently remains at the same old job, discouraged and with ambition lost. Especially is this true in the transportation business.

Value of Trained Export Men to Inland Manufacturers.—Through lack of knowledge of export requirements (including proper packing of shipments) and dependence upon forwarding agents or brokers at seaports for the correct handling of their business, inland manufacturers are often subject to large additional expense and exploitation. It is a common occurrence for shipments from inland points to arrive at a large seaport, like New York, improperly packed or in containers which do not comply with the requirements for transportation by ocean steamers. This fact necessitates repacking, recrating, or reboxing of many shipments at a very large expense, and frequently, due to the necessity for this repacking, etc., the shipments miss the steamers for which they were intended and enormous storage charges accrue. Sometimes these charges have amounted to almost as much as the value of the goods.

There are many ways of incurring legitimate, but unnecessary, charges against goods for export, which the traffic manager of an inland manufacturer through adequate knowledge of export methods may avoid.

Any manufacturer, wherever located, who is to any considerable extent engaged in the export business, should employ in his traffic department a trained export man, or the traffic manager of the concern should be well versed in both domestic and export traffic. The economy effected in the handling of shipments would prove the investment to be profitable.

The Export Traffic Department.—The size of a traffic department and the completeness of its organization depend upon the character and volume of the business. If it is desirable to enlarge a domestic traffic department for the purpose of handling export and import traffic, similar factors must be considered; but the size and importance of the foreign branch depends entirely upon the requirements.

If the volume of business is small, one trained traffic man, who thoroughly understands his business, will be able to manage the department. There are very few of these men available for the reason that such a man must have railroad, steamship, and custom house experience before he is able to perform the numerous details. Such a man, if capable, is the only executive a traffic department requires, so far as the organization is concerned, as he will work out the details to the best advantage.

If the volume of the business is large, it is advisable to have two assistant traffic managers, one in charge of the export and the other in charge of the domestic traffic; but these two should co-operate in every way possible.

The size of the clerical staff should, of course, be dependent on the volume of the details connected with the work of each division. As the department is developed, each branch is specialized and each employe has a particular assignment.

It is not possible to give an organization chart of a combined foreign and domestic traffic depart-

ment that could be followed in all cases, but a diagram of a department developed sufficiently to handle an average business is shown on page 11.

Where the export end is only a part of the business, it is desirable that a separate system be installed for handling the office records of that department. Not only should the export manager have complete records of every detail of his own routine business well in hand, but there will arise frequent occasions when records of his own relations with other departments of his company, in regard to export orders, should be available. Therefore the department should be thoroughly systematized and should have his personal and constant supervision. In handling export traffic, as well as the domestic, there is no question but that the duties of the skillful traffic manager are interwoven with the work of the other departments necessary to the conduct of any large business.

No export department is complete without an up to date foreign atlas by which an acquaintance with foreign countries, capitals, seaports, and commercial centres may be easily obtained; and this atlas should be studied by the export manager during his leisure time. Desirable publications that should also be included in the export department's library are "Exporter's Gazetteer of Foreign Markets" by Lloyd R. Morris, and the "Exporters' Encyclopedia."

Import traffic could be linked more properly with the domestic rather than with the export

TRAFFIC MANAGER

CLAIM CLERK
In charge of claim records,
Tracing correspondence,
Preparing and collecting
claims,
Initiating tracers,
Unclaimed freight,
Concealed loss,
Export and import claims.

RATE CLERK
In charge of tariff file,
Rate quotations,
Rate compilations,
Checking freight bills,
Compiling routing sheets,
Checking overcharge
claims,
Freight allowances.

SHIPPING CLERK
Preparation of shipments,
Packing, checking,
Weighing, marking,
Loading, trucking,
Receiving inbound freight,
Record of daily shipments
and receipts,
Shipping papers.

IMPORT CLERK
Details of all Custom House
requirements,
Payment of duties,
Insurance,
Weighing, sampling, and
storage,
Keep posted on Treasury
Decisions and Custom
House Rulings.

EXPORT CLERK
Preparation of shipments,
Packing,
Follow up shipments from
inland points,
Delivery to steamers,
Obtain shipping documents,
Custom House clearance,
Consular invoices,
Marine insurance.

branch, because the details are quite different from those of export business. Since all import traffic involves domestic transportation to final destination, it therefore fits in better with the domestic trade. However, as import traffic is a part of ocean transportation the principles of handling that business are treated herein together with those of export.

The Export Traffic Manager. — The export traffic manager is the person in charge of the export and import business of his employer, which may be an inland manufacturing company or other industry, a merchant in a large seaport, a forwarding company, or anyone who handles this kind of traffic in sufficient volume to warrant his employment.

The export traffic manager is the traffic expert who has a combined knowledge of the vital phases of export and import traffic; that is, one who has a practical understanding of all the elements that enter into domestic and foreign traffic; such as, the packing required for adequate protection of goods, the calculation of export weights and measures, the marking and addressing of packages for foreign shipment, making export invoices, ocean freight rates, shipments in bond, drawback, steamship bills of lading, through bills of lading, consular invoices, Custom House clearances, and marine insurance. He must also be familiar with the location of the principal ports of the world, and the fastest and cheapest routes available for shipment thereto.

The export traffic manager is the transportation representative of the shipper in all transactions with the various steamship companies, and must keep in touch with them constantly in order to determine the lowest rates that can be obtained commensurate with service.

Qualifications.—The most essential qualification for a successful export traffic manager is a high degree of diplomatic ability. He should have the facility of applying himself to new and varied tasks; that is, he should be especially versatile and resourceful. He should also possess a considerable amount of common sense and good judgment. There is no other phase of transportation where the qualifications above mentioned are as essential as they are in the handling of export traffic. Intimate acquaintance and association with steamship representatives and with men actually handling his export shipments are valuable assets to the export traffic manager. It cannot be emphasized too strongly that the export traffic manager should acquire a thorough knowledge of the geography of the world, and should devote as much time as possible to this study. Exact knowledge of trade routes and foreign ports is as necessary for the export man, as knowledge of railroad routes and junctions in this country is necessary for the domestic traffic man. He should know the individual merits of the various steamship lines and the most economical and satisfactory means of transportation—not only within this country, but also in shipping from it—and he should be well versed in the

many details which accompany the exportation of goods.

The export and import traffic man should be familiar with the important parts of the United States Shipping Act. He should keep posted on the Treasury Decisions and Customs Rulings affecting general conditions and the commodities in which the firm is interested, in order that he may be familiar with the necessary documents required on both export and import shipments. He should also be familiar with the details of marine insurance, and such documents as the Shipper's Export Declaration, Steamer's Dock Receipt, Export Invoices, Through Railroad Bill of Lading, Ocean Bill of Lading (covering both direct delivery to consignee and "To Order"), Steamship Parcel Receipt, and Consular Invoices.

He should understand the meaning of the various export traffic terms and abbreviations, and should possess a knowledge of foreign exchange. This latter is particularly important in the case of import traffic, in view of the recent rulings of the Treasury Department in the matter of conversion of foreign currency. He should also understand the metric system of weights and measures, as well as cubic measurement, and how export weights and measurements are calculated.

Duties of the Export Traffic Manager.—Some of the important duties pertaining to this position are as follows:

The export traffic manager should follow up

the manufacturers who are executing orders for shipment abroad, to see that the goods are delivered within the required time; he must know that they are packed and marked properly, and that they are forwarded to seaboard in time to make connection with the scheduled outgoing steamer. He must have close connection with the steamship companies and know all the competing lines—both the standard and unreliable—sailing to foreign ports. The “unreliable” lines are those which operate between this country and foreign ports, but their dates of sailing are irregular and frequently not in accordance with schedule.

It is essential also for him to be familiar with rates, not only with the domestic rates and the rates from port of sailing, but also the rates covering the entire movement of his freight to the final port of destination. He must know what tonnage is moving to a given port at the time when he has shipments destined to the same port, in order that he may make his freight bookings with the steamship company giving the lowest freight rates consistent with satisfactory service.

Many opportunities are open for the wide-awake man to effect considerable saving in the cost of transportation by being familiar with foreign methods of transit; that is, the various means of transshipment from the ports of call to the ports of final destination.

He must see that the goods are delivered to the steamer, and that a proper receipt is obtained and subsequently exchanged for a bill of lading.

He must also attend to Custom House clearance and take out the necessary insurance against all risk from the time goods leave the point of origin until they arrive at destination or warehouse of the ultimate consignee. In other words, he must take full charge of the goods from the time they leave the hands of the manufacturer in this country until they are safely placed on board steamer.

In handling import traffic he should attend to the details of all Custom House work, including rates of duty on various commodities, insurance of goods after arrival where necessary, storage and sampling, shipping to inland points, and obtaining rates applying thereto.

He should prepare and attend to the presentation and collection of all claims, and should strive to maintain cordial relations with the steamship companies and maintain a reputation for cooperation and honest dealing.

Chapter 50

United States Shipping Act

COLLATERAL READING: In the Traffic Guide—
Interstate Commerce Act, Section 25, pages 111-112; United States Shipping Act, pages 283-296;
Merchant Marine Act, pages 311-327; the Harter
Act, page 279.

The Act.—The United States Shipping Act was enacted by the Senate and House of Representatives of the United States of America, in Congress assembled in 1916, for the purpose of encouraging, developing, and creating a merchant marine to meet the requirements of the United States with its possessions and with foreign countries, and to regulate carriers by water engaged in the foreign and interstate commerce of the United States. This Act was subsequently amended in 1920 by the Merchant Marine Act. The purpose of the chapter covering this subject is to assist you in understanding the portions of this Act as amended by the Merchant Marine Act, and also the portions of the Harter Act applicable to the relations between steamship companies and shippers. It will be observed that many paragraphs are omitted as it is not necessary to discuss all of them. Considerable verbiage is also omitted and the substance of the sections in which shipper should be interested is briefly stated.

The United States Shipping Board.—This Act provides for a Shipping Board to enforce the law

relating to ocean transportation. The United States Shipping Board was established and its duties concerning ocean transportation are similar to the duties of the Interstate Commerce Commission relative to interstate transportation.

Jurisdiction.—The jurisdiction of the Shipping Board embraces transportation of property by water, on the high seas or the great Lakes, on regular routes from port to port between one State or possession of the United States and any other State or possession of the United States. This jurisdiction also covers all branches of ship operation, including chartering, leasing, owning, port facilities, rates, charges, etc. The Act further provides that carriers by water, subject to the provisions of the Act, must file tariffs in accordance with the rules of the United States Shipping Board.

Section 1

Definitions.—(a) The term “Common Carrier by Water in Foreign Commerce” means a common carrier, except ferryboats running on regular routes, engaged in the transportation of property by water between the United States, or any of its possessions and a foreign country, whether in the import or export trade. Under this Act the cargo boat commonly called an “Ocean Tramp” is not deemed a common carrier.

(b) The term “Common Carrier by Water in Interstate Commerce” means a common carrier engaged in the transportation by water of prop-

erty on the high seas or the Great Lakes on regular routes from port to port between one State or possession of the United States and any other State or possession of the United States, or between places in the same territory or possession.

(c) The term "Common Carrier by Water" means a common carrier by water in foreign commerce or a common carrier by water in interstate commerce on the high seas or the Great Lakes on regular routes from port to port.

(d) The term "other person subject to this Act" means any person not included in the term "common carrier by water" carrying on the business of forwarding or furnishing wharfage, dock, warehouse, or other facilities in connection with a common carrier by water.

(e) The term "person" includes corporations, partnerships, and associations existing under the laws of the United States or any State or possession thereof or of any foreign country.

(f) The term "vessel" includes all water craft and other artificial contrivances, which are used as a means of transportation on water.

(g) The term "documented under the laws of the United States" means "registered, enrolled, or licensed under the laws of the United States."

Section 3

Shipping Board.—The Shipping Board, as amended by Section 3 of the Merchant Marine Act of 1920, is composed of seven commissioners ap-

pointed by the President with the consent of the Senate. Not more than four of the commissioners may be appointed from the same political party and no commissioner shall take any part in the consideration or decision of any claim or particular controversy in which he has a pecuniary interest.

Section 4

Salary.—Each member of the board receives a salary of \$12,000 per annum. The salary of the Secretary of the board is \$5,000 per annum.

Section 14

Rebates.—As amended by Section 20 of the Merchant Marine Act, no common carrier by water shall, directly or indirectly, in respect to transportation by water of property, between a port of a State or possession of the United States and any other such port, or a port of a foreign country,—

First: Pay, or allow, or enter into any agreement or understanding to pay or allow a deferred rebate to any shipper. The term "deferred rebate" in this Act means a return of any portion of the freight money by a carrier to any shipper as a consideration for the giving of all or any portion of his shipments to the same or any other carrier, or for any other purpose, the payment of which is deferred beyond the completion of the service for which it is paid.

Second: Retaliate against any shipper by refusing, or threatening to refuse, space accommo-

dations when such are available, or resort to other discriminating or unfair methods, because such shipper has patronized any other carrier or for any other reason.

Third: Make any unfair or unjustly discriminatory contract with any shipper based on the volume of freight offered, or unfairly treat or unjustly discriminate against any shipper in the matter of (a) cargo space accommodations or other facilities, due regard being had for the proper loading of the vessel and the available tonnage; (b) the loading and landing of freight in proper condition; or (c) the adjustment and settlement of claims.

Penalty: Any carrier who violates any provision of this section shall be guilty of a misdemeanor punishable by a fine of not more than \$25,000 for each offense.

Section 15

Agreements.—Every common carrier by water, or other person subject to this Act, must file immediately with the board an exact copy of every agreement with another such carrier or other person subject to this Act, to which it may be a party or conform in whole or in part, fixing or regulating transportation rates; giving or receiving special rates, accommodations, or other special privileges; allotting ports or restricting or otherwise regulating the number and character of sailings between ports; limiting or regulating in any way the volume or character of freight to be carried;

or in any manner providing for an exclusive, preferential or cooperative working arrangement. The term "agreement" includes understandings, conferences, and other arrangements.

The board may disapprove, cancel or modify any agreement that it finds to be unjustly discriminatory or unfair as between carriers, shippers, exporters, importers, or ports, or between exporters from the United States and their foreign competitors, or to operate to the detriment of the commerce of the United States and shall approve all other agreements, modifications, or cancellations.

Penalty: Whoever violates any provision of this Section shall be liable to a penalty of \$1000 for each day such violation continues.

Section 16

Common Carrier by Water.—It shall be unlawful for any common carrier by water, or other person subject to this Act either alone or in conjunction with any other person, directly or indirectly,—

First: To give any unreasonable preference or advantage to any particular locality, or description of traffic in any respect whatsoever, or to subject any particular person, locality, or description of traffic to any unreasonable prejudice or disadvantage in any respect.

Second: To allow any person to obtain transportation for property at less than the regular

rates then established on the line of such carrier, by means of false billing, false classification, false weighing, false report of weight, or by any other unjust or unfair device.

Third: To induce or otherwise influence any Marine Insurance Company or underwriter, or agent thereof, not to give a competing carrier as favorable a rate of insurance on vessel or cargo, having due regard to the class of vessel or cargo, as is granted to such carrier or other person subject to this Act.

Section 17

Common Carriers in Foreign Commerce.—No common carrier by water in foreign commerce shall charge or collect any rate which is unjustly discriminatory between shippers or ports, or unjustly prejudicial to exporters of the United States, as compared with their foreign competitors. Whenever the board finds that any such rate is charged or collected, it may alter the same to the extent necessary to correct such unjust discrimination, and make an order that the carrier shall discontinue charging or collecting any such discriminatory rate. Every such carrier shall establish and enforce just and reasonable regulations and practices relating to or connected with the receiving, handling, storing, or delivering of property. Whenever the board finds that any such regulation or practice is unjust or unreasonable it may prescribe and order enforced a just and reasonable regulation or practice.

Section 18

Common Carriers in Interstate Commerce.—Every common carrier by water in interstate commerce must establish and enforce just and reasonable rates, charges, classifications, and tariffs, and just and reasonable regulations and practices relating thereto. Such carrier must establish just and reasonable regulations and practices governing the issuance of receipts and bills of lading, the manner and method of presenting, marking, packing, and delivering property for transportation, the facilities for transportation, and all other matters connected with the receiving, handling, transporting, storing, or delivering of property.

The Maximum Rates to Be Filed.—Every such carrier must file with the board and keep open to public inspection the maximum rates and charges for or in connection with transportation between points on its own route; and if a through route has been established, the maximum rates and charges for or in connection with transportation between points on its own route and points on the route of any other carrier by water.

Not to Charge Higher Rates than those Filed. No such carrier shall charge or collect a greater compensation for such transportation than the rates and charges filed in compliance with this section, except with the approval of the board and after ten days' public notice in the manner prescribed by the board, stating the increase proposed to be made; but the board for good cause may waive such notice.

Board May Prescribe Reasonable Maximum Rates, Etc.—Whenever the board finds that any rate, charge, classification, tariff, regulation, or practice is unjust or unreasonable, it may prescribe and order enforced a just and reasonable maximum rate or charge, or a just and reasonable classification, tariff, regulation, or practice.

Section 19

Restriction on Increase of Rates.—Whenever a common carrier by water in interstate commerce reduces its rates for transportation, on any kind of freight to or from competitive points, below a remunerative basis with the intent of driving out a competitive carrier by water, it cannot increase such rates unless the Shipping Board approves of the increase; that is, the increase will not be authorized unless it is based upon changed conditions other than the elimination of said competition.

Section 20

Information Detrimental to Shipper or Consignee.—It is unlawful for any common carrier by water or other person subject to this Act or any employee of such carrier or person knowingly to disclose to any person other than the shipper or consignee, without the consent of such shipper or consignee, any information concerning the nature, kind, quantity, destination, consignee, or routing of any property delivered to them for transportation in interstate or foreign commerce, which

information may be used to the detriment of such shipper or consignee, or which may improperly disclose his business transactions to a competitor; it is also unlawful for any person to solicit or knowingly receive any such information which may be so used.

Giving of Information on Legal Process.—Nothing in this Act is to be construed to prevent the giving of such information in response to any legal process issued under the authority of any court, or to any agent of the Government of the United States, or to any officer or other duly authorized person seeking such information for the prosecution of persons charged with or suspected of crime, or to another carrier, for the purpose of adjusting mutual traffic accounts in the ordinary course of business.

Section 22

Complaint of Violation.—Any person may file with the board a sworn complaint setting forth any violation of this Act by a common carrier by water or other person subject to this Act, and ask reparation for the injury, if any, caused thereby. The board will furnish a copy of the complaint to such carrier or other person who must, within a reasonable time specified by the board, satisfy the complaint or answer it in writing. If the complaint is not satisfied the board will investigate it in such manner as it deems proper. If the complaint is filed within two years after the cause of action accrued, the board may direct the payment

of full reparation to the complainant for the injury caused by such violation and name the day on or before which payment shall be made.

Section 23

Orders of the Board.—Orders of the board relating to any violation of this Act will be made only after full hearing, and upon a sworn complaint or in proceedings instituted of its own motion.

All orders of the board other than for the payment of money shall continue in force for such time as shall be prescribed therein, not exceeding two years, unless suspended or set aside by the board or any court of competent jurisdiction.

Section 28

Giving of Self-Incriminating Evidence.—No person is excused, on the ground that it may tend to incriminate him or subject him to a penalty, from attending and testifying or producing documents and other evidence, in obedience to the subpoena of the board or of any court in any proceeding based upon any alleged violation of this Act, but no natural person who is a witness shall be prosecuted on such evidence given in obedience to a subpoena under oath, except that he commit perjury in testifying.

Section 29

Enforcement of Orders.—In case of violation of any order of the board, other than for the order

of payment of money, the board or any party injured by such violation may apply to a district court having jurisdiction of the parties; and if the court determines that the order was regularly made and duly issued it shall enforce obedience thereto.

Section 30

Payment of Money.—In case of violation of any order of the board for the payment of money, the person to whom such award was made may file in the district court for the district in which he resides, or in which is located any office of the party to whom the order was directed, or in which is located any point of call on a regular route operated by the carrier, or in any court of general jurisdiction, a suit setting forth briefly the causes for which he claims damages and the order of the board in the premises.

The order of the board shall be *prima facie* evidence of the facts therein stated, and the petitioner shall not be liable for costs, nor shall he be liable for costs unless they accrue upon his appeal. If a petitioner in a district court finally prevails, he shall be allowed a reasonable attorney's fee.

All parties in whose favor the board has made an award of reparation by a single order may be joined as plaintiffs, and all other parties to such order may be joined as defendants, in a single suit. Service of process against any such defendant may be made in any district in which is located any office of or point of call on a regular route operated by such defendant.

No petition or suit for the enforcement of an order for the payment of moneys shall be maintained unless filed within one year from the date of the order.

General Penalty.—Whoever violates any provision of this Act, except where a different penalty is provided, shall be guilty of a misdemeanor, punishable by fine not to exceed \$5,000.

Section 36

Clearance May Be Denied Vessel for Refusal to Take Cargo.—The Secretary of the Treasury is authorized to refuse a clearance to any vessel, laden with merchandise destined for a foreign or domestic port, whenever he shall have satisfactory reason to believe that the owner or agent of such vessel refuses to accept freight in good condition tendered for such port of destination or for some intermediate point of call, together with the proper transportation charges therefor, by any citizen of the United States, unless the same is fully laden and has no space accommodation for the freight so tendered and unless such freight consists of merchandise for which such vessel is not adaptable.

The Harter Act

Application of the Act.—The liabilities of a steamship company in the United States are defined by what is known as the Harter Act—an Act of Congress of February 13, 1893. This law applies to all ships trading from or between ports

of the United States and those of foreign countries.

Liability Not Voidable by Agreement.—Under this Act it is not lawful for any agent or owner of any vessel transporting property from or between ports of the United States and foreign ports to insert in any bill of lading or shipping document any clause or agreement whereby he shall be relieved from liability for loss or damage arising from negligence, or failure in proper loading, stowage, custody, care, or proper delivery of any and all lawful property committed to his charge. Any word of such import inserted in bills of lading or shipping receipts shall be null and void and of no effect.

Responsibility of Ship Owner.—This Act, also in part, declares that if the owner of any vessel transporting property to or from any port of the United States of America shall exercise due diligence to make the said vessel in all respects seaworthy and properly manned, equipped, and supplied, neither the vessel, her owner, or charterer shall be held responsible for damage or loss resulting from errors in the management of said vessel, nor shall the vessel, her owner, or charterer be held liable for losses arising from dangers of the sea, Acts of God, or the inherent defects of the thing carried, or from insufficiency of package, or for loss resulting from any act or omission of the shipper or owner of the goods, his agent, or representative.

Bill of Lading.—It is the duty of the owner or agent of any vessel transporting property from or between ports of the United States and foreign ports to issue to shippers of any lawful merchandise a bill of lading or shipping document, stating, among other things, the marks necessary for identification, number of packages, or quantity, (stating whether it be carrier's or shipper's weight), and the apparent order or condition of such merchandise delivered to and received by the owner or agent of the vessel for transportation; and such document shall be *prima facie* evidence of the receipt of the merchandise therein described.

Applies to Coastwise Carriers.—This statute applies to coastwise shipping as well as to shipping between domestic and foreign ports. The carrier is still liable for damage arising from negligence in loading, stowage, or the proper delivery of the cargo. As to other matters, it is bound simply to supply a seaworthy boat and officers and crew chosen with reasonable care. For negligence of officers and crew in navigating the vessel the owners are not liable.

Chapter 51

Steamship Lines and Routes

Classification.—Ocean going steamers may be classified into practically five groups as follows:

First: Mail and passenger ships which formerly had only a small cargo space and were used principally for the purpose of carrying passengers, mail, express goods, and high class freight at excessive rates. This practice is no longer in vogue and these steamers are now fitted to handle practically all kinds of cargo, and are equipped with mechanisms whereby cargoes are loaded and unloaded with great despatch.

Second: Passenger and cargo steamships, sometimes called "combination liners," which have a much larger cargo space than those just mentioned and, in addition to passengers, mail, etc., they carry large quantities of bulky freight; such as grain, cotton, iron, and food stuffs.

There is little distinction between these two types of vessels, but they comprise the world's ocean passenger carrying steamers. These steamers are known for their speed, size, luxurious equipment, and the regularity with which they operate on fixed routes and schedules.

Third: The "cargo liners" are the steamships which carry freight exclusively, and operate over definite routes on schedules. They are adapted to the carriage of nearly all kinds of freight which

move over their lines in less than shipload lots. These steamers are frequently built for the particular trade in which they engage. They are the fastest steamers engaged in freight transportation and are operated with great efficiency.

Fourth: The cargo steamers, commonly known as "tramps," include the great number of freight carrying steamers, which, acting as common carriers, transport a large share of the world's low-grade freight, especially that which moves in full shiploads. These steamers rarely exceed 375 feet in length and are of slow speed. They have no regular routes and call at any port where a cargo may be obtained. Tramp steamers are frequently used for transporting full cargoes on long voyages, and these steamers have little difficulty in finding charterers.

Fifth: Specially constructed steamships form the fifth group. They are for the purpose of transporting certain kinds of freight; such as cargoes of oil, iron ore, coal, and lumber. They are frequently owned and operated by large industrial concerns.

Capacity of Steamers.—An excellent description of the capacity of steamers may be found in "Practical Exporting" which, in substance, is as follows:

Incidentally, it is of interest to note the capacity of ocean steamers. A fairly large ocean cargo vessel will carry the contents of at least 300 American railway freight cars; that is, it will take several long railway trains to fill her holds. It takes about 500 standard tank railway cars to fill one of the great tank steamers carrying petroleum in bulk to Europe.

Perhaps the capacity of ocean steamships may best be impressed by specific illustrations. Suppose the ship we select will carry equally well cargo of any sort, and that it is possible to load a vessel to its full capacity with one kind of cargo—which, by the way, cannot always be done, although it is common practice in some commodities like wheat, coal, lumber, etc.

Let us take, as our vessel, one of the newer and larger boats of the Atlantic Transport Line, which have a dead-weight cargo-carrying capacity of say, 15,000 tons. Suppose that a fairly important manufacturer in his line wished to load this vessel with plows. On the basis of the average size as exported, it would require 247,500 plows to fill this ship. If the manufacturer in question followed his usual factory routine and, along with his normal production of other implements—harrows, cultivators, rakes, repairs, etc.—turned out 20,000 plows a year, it would take him twelve and one-half years to fill this ship with plows alone. If he were to turn over the whole plant to plows, producing no other implements, lease another factory and jump to the top of the list of plow manufacturers, he might reach an output of 100,000 plows a year and complete this cargo in two and one-half years.

A boot and shoe manufactory finishing daily 1,000 pairs would require twelve years to collect a cargo for this ship, and such an unprecedented cargo would be worth from \$4,000,000 to \$12,000,000, according to grade of the goods shipped. If this ship were to be loaded with "case oil," (i.e., kerosene oil in five-gallon tins, two tins to a case), 3,000,000 cases at least would be required and, with the best of facilities, not less than thirty days—probably forty-five—would be required merely to load and stow them away.

As another illustration take the machines known as harvesters and binders. Six thousand of them would be required to complete this cargo, or nearly 400 carloads. Of ordinary mowing machines 15,000 would be needed, employing enormous factory facilities and, to hazard a guess, the work of 3,000 skilled men for a month or two.

A flour mill producing 7,000 barrels a day is regarded as big. It would take such a mill one month's steady grinding to produce a load for our steamer and it would use the entire crop of from 250 to 300 average farms of 160 acres each.

Multiply such a ship load by 160 and the result represents the *weekly*—not monthly or annual—the WEEKLY foreign shipments of these United States before the war.

Ocean Routes.—As the railroads traverse the land, with their net work of steel divided into main arteries fed by almost numberless branches, so it is with ocean transportation. While there are no visible routes upon the ocean, yet the main trade routes are as definitely fixed and regularly traveled as the great railroad trunk lines. These ocean trade routes like the rail trunk lines are similarly fed by numerous branches.

Important Routes.—There are eight important trade routes, namely:

1. The trade route via which moves the heaviest freight and passenger traffic is the one connecting the Northeastern seaports of the United States and Great Britain, known as the North Atlantic route. Over this route move the great cargo carriers and the world's largest and fastest passenger liners, and the great majority of the world's entire merchant marine travel over this line.

A description of the route approximately is as follows: It skirts the coast of North America northward to the banks of Newfoundland and then curves eastward across the Atlantic. Many branch lines unite in this North Atlantic trade route and reach American ports from Canada to the Caribbean Sea, and European ports from the Baltic to the Mediterranean. In the summer, on account of the icebergs, the route is considerably south of that traveled during the winter months.

2. The ocean trade route next in importance

to the North Atlantic is the route from the Eastern coast of the United States and Western Europe via the Mediterranean Sea and the Suez Canal to India, East Africa, the Philippines, China, and Japan.

An especially large number of branch lines both East and West of the canal are feeders to this important trade route. The steamers from the United States and the European countries all enter upon the main route for Suez through the Strait of Gibraltar.

3. The route to South Africa is another important trade route running from the Atlantic coasts of America and Europe to the Western, Southern, and Southeastern coasts of Africa, also to Australia and New Zealand. A few steamers using this route sometimes engage in the West African Coast trade. One of the principal ports of call on this route is Cape Town, the most important centre of South African trade. The greater proportion of traffic over this route is carried by the many lines of freight steamers operating between Northwestern Europe and Australasia.

4. An important trade route, similar to the one just described, is the trade route around South America connecting the Eastern and Western coasts of the North Atlantic with the Pacific Coast.

Steamers engaged in trade between countries of the North Atlantic and the East Coast of South

America now rarely travel through the Strait of Magellan for the purpose of through traffic with countries on the West Coast of South America. A number of lines of ships operate between Europe and Brazil and also some between the United States and Brazil.

When the Panama Canal was completed, practically all the steamships which formerly operated via the Strait of Magellan were diverted to the Canal route.

The purpose of the construction of the Panama Canal was to shorten the water route between the countries of the North Atlantic and the Pacific Coast of North and South America.

5. Another route is called the Caribbean route, which may be said to be an extension of the Northern Atlantic trade route. It is, however, made up of a large number of lines operating via the Gulf of Mexico and Caribbean Sea. This route is very complex and may more accurately be called a group of routes, which are virtually southern branches and extensions of the North Atlantic route. Steamers operate between Europe and the Atlantic and Gulf coasts of the United States and the ports in the Caribbean Sea. Many vessels enter the Gulf of Mexico for the purpose of handling the exports of grain, cotton, and lumber from the Gulf cities of the United States, while others make the circuit of the gulf for the purpose of sharing in the general trade of the adjacent countries. For a similar purpose many vessels enter the Caribbean Sea from the United States or Eu-

rope, making a partial circuit by calling at the several ports.

When these ships enter the Caribbean Sea they follow various courses to the ports of the West Indies, Mexico, Central America, the north coast of South America, and the Gulf coast of the United States.

6. The most important trade route in the Pacific Ocean is the North Pacific route which connects North America and Asia. The American termini for this route are the ports on the Pacific coast from Los Angeles to Prince Rupert, and its principal Asiatic port is Yokohama; Manila, Shanghai, and other cities on the mainland are also important ports of call. A large volume of traffic moves via this route. The shortest course across the ocean is by the great circle, and that route is taken except by such steamers as call at Honolulu.

7. The Canadian Australasian route is a prominent line running from San Francisco, Seattle, and Vancouver to New Zealand and Australia; but the freight traffic via this route is not so heavy as that over the other ocean trade routes described. The opening of the Panama Canal has also restricted the growth of the business done by this line.

8. The Panama Canal may be considered an extension of the Caribbean route; for, prior to the opening of the canal, a large freight tonnage was transshipped by rail across the Isthmus. The accomplishment of this wonderful engineering

feat—the construction of the Panama Canal, whereby the Atlantic and Pacific were joined together—has resulted in the establishment of a great and distinct ocean highway. Formerly vessels sailing from ports on the Atlantic coast to ports on the West coasts of North and South America as well as to the Far East took the long and dangerous voyage around Cape Horn through the rough and stormy Strait of Magellan. This important trade route was greatly shortened and, consequently, not only traffic which was formerly transshipped by rail across the Isthmus, but also a large portion of that traffic which was shipped via the South American, South African, and Suez Canal routes, is now forwarded via the Panama Canal.

The ocean trade between the Atlantic and Gulf ports of the United States and the Pacific ports of North and South America, Manila, Australia, Japan, and China, moves usually via the Panama Canal. The canal also is a desirable ocean route for steamers sailing from Great Britain and Western Europe to the Pacific ports of North and South America.

Other Routings.—The foregoing general routes described are but a few of the many lines followed by ocean steamers. The courses of steamers cross and recross and vessels are continually passing from one trade route to another. The owners of vessels endeavor to arrange their routes so that each voyage will yield the greatest profit and that each vessel shall leave port with full cargo. As

it is not always profitable to operate these steamers back and forth over one route, numerous triangular voyages are arranged. This is especially the practice with "tramp" or "chartered" steamers, although triangular voyages are not uncommon even in steamship line service which is conducted over established routes.

The Proposed New Route.—The project of establishing a great water highway as an outlet for the export traffic of the Middle West via the Great Lakes and St. Lawrence River is being considered most seriously by Congress.

There is no question but that the establishment of this route would greatly facilitate the movement of export traffic from our western territory and that the cost of transportation would be materially decreased. However, this route would not be available during the winter months, as navigation would be closed on account of the ice.

While many claim that the Great Lakes-St. Lawrence-to-the-Sea Canal would be most advantageous to exporters located in the West (as well as of immense value to Canada), on the other hand others state that the opening of this route would, without doubt, cause a serious reduction in the volume of traffic moving via our ports located on the Atlantic and Gulf coasts. Still there are others who believe that this route would not be a strong competitor and that very little traffic would be diverted from our Atlantic ports, because only ocean ships of a 23-foot draft could use the 25-

foot channel. Moreover, on account of the shapes of their keels, the ocean steamers that are to traverse the locks and channels during the season when navigation is open could carry only about 4000 tons, while the flat-bottom lake freighters now carry 14,000 tons.

Map of Principal Ocean Lines. — The map furnished with this course should be carefully studied, in order that the most important ocean routes followed by steamers, and the principal ports of call, will be visualized in the student's mind.

The various trade routes are shown in different colors and the world's principal ports of call are represented by solid red circles. The key to the map is shown in the lower right hand corner and will serve to locate the various lines.

Value of the Map. — In the education of the export traffic man it is absolutely essential for him to possess a thorough knowledge of the geography of the world. This map should be carefully studied by the student for the purpose of familiarizing himself with the location of the various countries, their principal seaports, and the routes available for shipments.

The conclusion of the Great War witnessed the creation of thirteen new independent states in Europe and one in the Near East, as well as territorial changes in nine other European nations. The new states are Czechoslovakia, Jugoslavia, Poland, Finland, Austria, Hungary, Latvia, Lith-

uania, Esthonia, Ukrainia, the Georgian and Azerbaijan Republics, and the Kingdom of the Hedjaz. The territorial changes were made in the following countries: Austria, Germany, France, Italy, Greece, Russia, Rumania, Turkey, and Bulgaria.

It is unexcusable for any export traffic man not to understand the pronunciation of the names of the important ports of the world as well as the names of the various steamship lines, especially the French and Spanish names.

The following quotation from "Practical Exporting" illustrates the importance of geographical knowledge: "Too many Americans have the haziest of ideas about the Dutch East Indies; too many 'guess' that Jamaica is *somewhere* in the Pacific Ocean. A manufacturer asks: 'In what country is Mauritius?' Very likely the question will stump many a reader. Yet ships occasionally take cargo from New York direct to this island, famous and important in our commerce a hundred and fifty years ago as the Isle of France. It is still one of our export markets, although, of course, far from being of first importance."

With a foreign atlas conveniently at hand, the location of any port in the world may be readily ascertained. However, the export man who is a live wire and is held in high esteem is the one who can tell right "off the reel" where Mauritius, Colombo, or Kobe are located, as well as the lines operating to these ports and the available shipping facilities.

Chapter 52

Packing and Marking Export Shipments

Packing for Export.—It is the exporter's duty to see to it that the goods are properly and adequately packed for shipment to their particular destination.

The risk of loss and damage in export shipment, especially to certain South American countries, is very great. The packing sufficient for safe carriage in domestic transportation is usually inadequate for export. Improper packing almost invariably results in damaged goods and loss of time in repairing or replacing the articles; and frequently it results in lost customers.

Necessity for Secure Packing.—Shipments for export are necessarily subjected to frequent and rough handling, and when improperly packed will arrive at destination in bad condition. The loss or damage usually falls upon the consignee or upon the shipper, as the steamship company may disclaim liability under the clause "not responsible for breakage," which is to be found in all bills of lading, and may also claim that the goods were not in proper shipping condition when received by them. All merchandise, therefore, intended for shipment to foreign ports should be protected by substantial containers and should be securely packed. At the same time, the packing should be as light in weight as possible, as duty is often charged on the gross weight of the package.

Another important reason for strong packing is to prevent pilfering in transit. It is probable that no amount of care in packing can entirely prevent this, yet strong, well nailed, iron banded boxes are more immune than those that break open when merely dropped on the floor at a certain angle.

Further, practically all freight for South America must be unloaded from the steamer onto a lighter in the open bay, frequently while the water is very rough, and then it must be unloaded from the lighter onto the dock or pier. Thus goods are handled three or four times before they reach the Custom House from the steamer. All freight in this part of the world is handled roughly.

An American Consul of wide experience said: "These conditions can be very largely overcome, as is proven by English and German houses. They have learned that faulty and careless packing does not pay. In the first place, merchandise should be packed in medium sized cases, say about 3 x 3 x 2 feet, where the goods are not too heavy.

"When goods are packed in small boxes, as in the case with starch, catsup, malted milk, etc., the boxes should be strongly crated in packages about the size mentioned. Otherwise the small cases are put into the sling or net when being unloaded with heavier cases and are crushed, or a heavy case is allowed to fall upon them with the same results. As a usual thing, these small wooden cases are made of half-inch boards, which are too light to be shipped without protection. Nothing

short of inch stuff should be used for outside cases or crates, and this should be of tough wood. All articles contained in a case should be securely packed and fastened so that they cannot shake about in the case, or rub or knock together."

Proper Packing Insures Lowest Transportation Charges.—It should be the aim of the export traffic man to have his goods packed in as compact a manner as possible consistent with safe carriage. Frequently articles may be knocked down, or a wheel or other removable parts of machinery may be taken off and packed separately, thereby reducing considerably the cubic measurement. This action is extremely important for the reason that charges are assessed on the basis of weight or measurement at the ship's option.

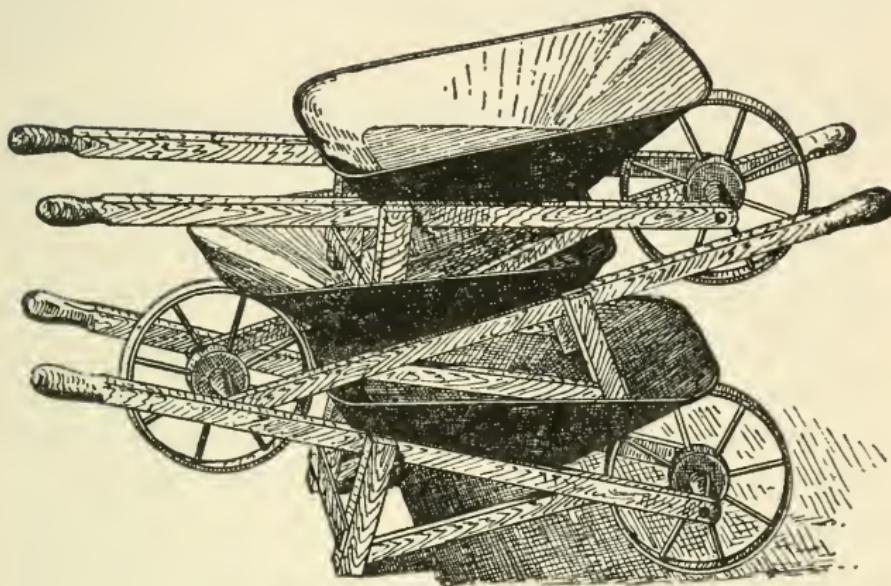
To illustrate the initiative of a bright young export traffic man, the following incident is related:

A number of years ago, two large firms located in the Middle West were engaged in the manufacture of wheelbarrows and made large shipments to South America. In those days little attention was given to the shipping department and the method of efficient packing, boxing, and crating was practically unknown. In fact the shipper was not interested in this part of the business for the reason that the customers paid the charges. At the time this incident occurred the manufacturers were shipping wheelbarrows S. U. ready for use. The Argentine Republic was a large purchaser of wheelbarrows, and these two concerns were competitors for that trade.

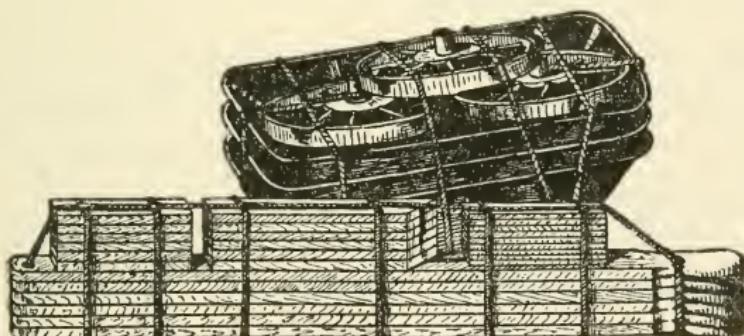
The traffic manager of one of these concerns, using his grey matter a little better than the other, conceived an idea of knocking down the wheelbarrows; that is, he nested the three bodies together, took off the wheels and placed them in the top body and strapped them together. He made separate bundles of the handles and braces, and found by doing this that the cubic measurement was greatly decreased. A salesman was immediately despatched to Buenos Aires who made arrangements to sell the wheelbarrows to the trade in the Argentine at a greatly reduced price C.I.F. (Cost, Insurance, and Freight paid by shipper) Buenos Aires.

The competing firm soon discovered that its Argentine business had been greatly diminished. Upon investigation, this firm's traffic man found his competitor was forwarding his goods C.I.F. Buenos Aires; so he immediately endeavored to make the same arrangements, but his efforts met with no success. Fully six months elapsed before he ascertained what his rival was doing, but then it was too late; the entire Argentine business had been lost.

The illustrations on page 49 show the result of this man's initiative. The cubic measurement of the three wheelbarrows set up is 89 feet 9 inches; while knocked down the cubic measurement is only 22 feet 9 inches. Steamship rates vary constantly, but we will assume that the rate New York to Buenos Aires is \$12 per gross ton (2240 lbs.), or per measurement ton (40 cubic feet).



WHEELBARROWS, S. U.
Cubic Measurement, 89' 9"



THE SAME BARROWS, K. D.
Cubic Measurement, 22' 9"

As the charge based on measurement would yield a greater revenue than if based on weight, the charge would be assessed on the basis of measurement. At this rate the charge on the three wheelbarrows S. U. would be \$26.90 and on the same wheelbarrows K. D. \$6.80; the saving thus effected is \$20.10, or \$6.70 for each wheelbarrow.

From the foregoing, the large saving thus effected on one or more carloads of wheelbarrows is readily observed.

Cost of Packing.—The choice between the cost of extra packing and the amount of possible damage to goods as usually packed is not a matter for the manufacturer to decide. It is the buyer who must make his choice of either paying extra for special packing or running the risk of loss and damage. This matter is usually arranged between the buyer and shipper when the order is given. The only safe principle is to pack goods in the securest possible fashion regardless of what it costs.

Packing List.—Before export goods are packed at all they should be carefully laid out where no possible danger of confusion exists and checked with invoice.

A packing list should also be made in triplicate showing the exact contents of each package, and one copy of this list should be placed inside the package.

The shipping clerk must be absolutely certain that exactly the goods ordered and invoiced are actually packed and shipped.

It is best, whenever possible, to have two persons do the checking for the purpose of confirmation.

Weighing Goods Before Packing.—The contents of each case should be carefully weighed before packing. There are two reasons for this:

First: The net weight of the goods, together with the gross weight when packed, is a check against possible pilfering while en route and is proof to the manufacturer that the exact quantity of goods as checked was actually shipped.

Second: The net weight of goods is always necessary in export trade, and in exporting to some countries it is necessary to know the so-called "legal" weight, which is the weight of the goods themselves with their immediate containers.

Checking.—It is necessary carefully to check goods before packing when the shipment consists of a number of parts. For example: In shipping a machine, every screw, rivet, bolt and part, small or large, must be counted, after having been fitted into its appropriate place and found exact.

Careless checking, whereby some essential part is missing upon arrival at destination, is a cause of great dissatisfaction to a customer and invariably involves extra expense and delay in foreign Custom Houses.

Construction of Cases and Crates.—The boards used in the manufacture of boxes or crates may be one-half inch, one inch, one and one-half inch, or

thicker, dependent entirely upon the nature and weight of the contents of the case or crate. It should not be too heavy, yet sufficient to protect the goods, as security is never to be sacrificed to lightness. There should be no knot holes in the wood used.

The boards should always be matched; that is, tongued and grooved, because ordinary nailed boards will shrink on account of varying temperatures, sweating, etc.

The wooden box is probably the most commonly used package and, when correctly made, it makes a very efficient container for many kinds of goods.

There are a number of different styles of boxes, but the best type for general export service is the box with cleat ends. The cleats afford extra nailing surface, they strengthen the ends, and they add greatly to the rigidity of the container.

Cement-coated nails should always be used in preference to smooth, uncoated nails, as they have much greater holding power and there is less splitting of the wood in driving them. Nails should never be driven so that the heads are sunk below the surface of the wood, as this greatly reduces their holding power.

For the protection of goods it is important that all cases, no matter what the contents are, should be metal strapped and sealed. This operation may take a little time and involve extra cost, but by so doing the shipper will find that he will have less claims for shortage.

Flat, unannealed steel band generally makes the most efficient strapping. It should be drawn to maximum tightness before nailing, and should be nailed securely every three or four inches. Each end of the box should be strapped, and when the top and bottom boards run at right angles to the side boards, the box should be strapped on each side also, so that both ends of all boards will be bound.

The shipper can always protect himself by stamping on his shipping receipt and invoice this:

Cases strapped and sealed.
See that seal is unbroken before
taking delivery.
No allowance made for pilfering.

Lead seals are used in connection with a wire which is put around the centre of the case. The wire is fastened with brads at suitable intervals, and both ends are inserted in the lead; the lead is then pressed together by means of a sealing iron, and the case cannot be opened unless the seal is broken.

Size and Weight of Cases.—Cases should not be too large and there should be no waste room inside. Ocean freight rates are frequently charged on the basis of cubic measurement. Waste of a cubic foot in a case when multiplied many times

over means the payment of considerable extra and unnecessary freight charges by consignee. Furthermore, empty space in a case is a source of weakness. Every case should be so prepared that it will ride safely regardless of the side on which it is laid.

It should be the endeavor to so pack freight that it may be shipped in cases not weighing over 200 or 250 lbs. each, and never to make cases unusually large in size. Of course, there are many articles that are exported which weigh considerably more than the weight specified. The size and weight of cases are often governed by the means of interior transportation available in countries of destination.

The larger portion of our export shipments goes to markets where transportation facilities are as good as they are in the United States, yet often the goods are destined for interior points which are difficult of access, reached only by cart or on the backs of some animals. For instance, if the buyer instructs the shipper that no package should exceed a certain weight or dimension, it is likely that the goods have to be loaded on "mule-back" for shipment to the interior. Should he request that the goods be packed in tin-lined cases it probably means that the cases are liable to be exposed to torrential downpours or that the humid atmosphere of the country of destination would cause deterioration of goods not packed as ordered.

Bales for Export.—Goods packed in bales

should be compressed as tightly as possible. The use of bales for certain textile materials is particularly advisable for shipment to those South American countries where import duty is levied on the gross weight of the package. In addition to saving on duty, there is also a saving in the cost of packing, freight charges, storage charges, and trucking charges.

Experience has shown that a large variety of textile materials can be successfully baled, including not only cloth, blankets, and covers of various kinds, but also clothing such as socks, gloves, underwear, sweaters, coats and trousers.

Much of the success in a baling operation depends upon folding and forming the articles before compressing, so that a firm, rigid bale is secured. All bales should be lined with a strictly waterproof, strong covering under the outer covering of burlap. This is especially necessary for shipments to South America, because of the damp climate of many of the countries, and because of the practice at many ports of unloading freight onto lighters in the roadsteads and storing it in the open. The outer covering should never be lighter than ten-ounce burlap.

The bale should be securely bound, preferably with flat, unannealed steel straps, the ends of which should be tightly sealed. The distance between the bands should not exceed seven inches. Bales should always have ears on the ends to facilitate handling.

Necessity for Waterproof Wrappings.—One radical difference between export and domestic packing is the invariable necessity of protecting goods for foreign shipment with wrappings of waterproof material. The reasons for this are:

First: To protect the goods from the dampness of sea air.

Second: There is the unavoidable risk of sea spray.

Third: At many ports goods are landed on open wharves or quays and may lie exposed to the elements for days or even for weeks.

Fourth: There is exposure to storms in general transportation inland even by rail, for open railway cars are commonly used. In transportation by cart, or on the backs of animals, the only protection which goods receive is afforded by tar-paulins.

Pilfering.—Goods exported are especially subject to the risk of pilfering. Cases lie in exposed places in great piles on docks where watchmen cannot observe each single package. They must often remain for considerable periods where they are not subject to supervision at all. On lighters and in the holds of ships they are open to the approach of all sorts of people. The thieves with extraordinary judgment pick out the cases containing articles most easily abstracted and readily disposable.

As a protection against pilfering, it is advisable that no indication of the contents of the case be shown on its exterior.

Cases containing boots and shoes or cigars are more frequently robbed than cases containing other commodities. Some steamship companies refuse to accept shipments of shoes and cigars unless especially protected by being strapped, corded, and sealed in a prescribed manner.

Heavy Weight.—Packages exceeding two tons in weight are generally subject to extra charges, and the shipper must put the packages aboard the steamer through direct arrangement with a hoisting company, or by arrangement with the steamship company itself. In either case the shipper pays for the loading. Similar extra charges are liable to be made at the port of destination or at trans-shipping point. Because of this charge, shippers should endeavor to keep the weight of their packages under two tons.

It has occurred occasionally that shippers located at inland points have deemed it economy to pack two or more machines in one case, but it is a mistake to do so. It is not economical if the weight of the goods so packed exceeds two tons. Whenever possible shipments of heavy freight should not exceed two tons per package, in order to avoid the extra hoisting charges.

Summary.—The essential points in packing export goods, which every student should indelibly impress upon his memory are:

Strong whole cases.

Thoroughly waterproof linings.

Secure iron or wire strappings.

Protection against pilfering.

Net, Legal, and Gross Weights.—In some countries duties are imposed on the gross weight. This indicates that cases or other containers should be as light as may be consistent with safe carriage. In some countries certain goods are dutiable on gross weight and others on net weight.

In countries where duty is assessed on gross weight, every pound of weight saved in packing goods is so much money saved the customer in the delivered cost of these goods.

An importer in one of the South American countries describes his experience in importing from the United States cushions for use in trolley cars as follows:

"These cushions weighed 21 lbs. and the case weighed 60 lbs. Duty was, therefore, paid on 81 lbs., whereas the total gross weight could easily have been made 30 lbs."

Another consideration affecting packing is the term "legal" weight. This is used in Mexico, the Argentine, and some other countries. Duties in these countries are sometimes imposed on the gross weight of the goods, sometimes on the net weight, and sometimes on the legal weight. These terms are thus defined in Mexico:

Net weight is the intrinsic weight of the merchandise alone without any packing; legal weight includes the interior wrappings containing the articles which are packed with the articles in the outside container; gross weight is, of course, the weight of the entire package as shipped. Legal weight in all countries making this distinction is much the same; viz., the net weight of the naked goods plus the weight of cartons and other immediate packing.

Marking Packages.—The marking of packages is a very important part in export shipping. All packages must be distinctly marked to the port of destination and with the name of the consignee. It is preferable, however, to mark the packages with a symbol or private sign which will identify the packages and their consignee, for, as a general practice, the consignee's name in full is not shown on cases; symbols are used instead. The reasons for this practice are quick identification of packages on docks, in the ship, in loading and unloading, and in the shipping manifest. Abbreviation also facilitates the preparation of shipping papers—bills of lading, manifests, etc.—and conceals the actual names of the consignees which, in some instances, may be desirable.

In some foreign countries errors in marking are very costly to the importer. In shipping to some of the countries in South America all the marks on the packages must be *stenciled*, brush marking not being allowed. Other countries require that the marks, numbers, etc., must be placed on two or more *adjacent sides* of the packages. Still others require the net and gross weights in kilograms on each package and a number, which must correspond with the number of the package as given in the consular documents. Failure to observe these regulations always results in fines, delays, and annoyance at destination. Stenciled letters should be not less than two inches in height.

Necessary Marks.—The essential marks are: The symbol of the consignee; the name of the port,

usually placed underneath the symbol; the serial number of the case; the gross and net weights in pounds, in kilos, or in both, as may be required; the measurement of length, breadth, and thickness of the package in feet and inches.

Shippers should understand that it is quite useless to mark in English *only* such expressions as "Handle with care," "This side up," etc., on packages intended for foreign countries where English is not understood by those who will handle the freight. In fact, all marks of this nature are practically useless.

How Goods Are Treated in Loading.—The method of loading ocean steamers is well described by Mr. Hough in "Practical Exporting". He says in part:

Steamers' cargos are not often handled by the crew of the ship unless by way of assistance to the gang of longshoremen who are especially employed for loading and unloading the cargo. It is to be remarked, too, that at the other end of the voyage longshoremen are likely to be far more ignorant, insurbordinate, impervious to common sense, and willfully reckless, than at this end.

Cases are dumped on the pier. Alongside lies the steamer, her decks rising 20 or 30 feet high. The cargo has to go up to the deck, then down again into the vessel's holds—three or four stories down, the lower holds twenty or thirty feet below the surface of the water.

Ships are still loaded in very much the same way as they have been from the days when there was no steam or other power—by means of the pulley, the rope, and the sling. Now it is usually the steamer that supplies the power. Winches on its deck are operated by steam from the ship's engines. ~~baiters~~.

A load of a ton or two tons' weight may perhaps be composed of a dozen or two dozen packages of varying size, weight, and contents. As the load is hoisted the sling compresses all these packages and the weight of the whole rests on those in the lowest layer. Hundreds of

pounds above are quite likely to crush the weak ones. The strain on the corners at top as well as at bottom is likely to break any cases not strongly made, fully packed, or adequately reenforced.

Up into the air goes the sling, high enough to clear the ship's deck, swinging to and fro like a pendulum, possibly crashing against the steel sides of the vessel on the way. Now the boom is swung over so that its dangling load is over the open hatchway of the ship which gives access to the holds far down, perhaps next to the very keel. At a signal the winchman lowers away the sling. Swaying from side to side, banging against the steel deck beams and hatch-combings, down it goes swiftly until at another signal the winchman checks its descent. Never does the sling gently land the freight below decks where it is to be stowed. There's a bump or a crash of the weight of a ton or two. The hook is unfastened, the sling opened, its contents—a pile of assorted packages 8 feet high perhaps—fall apart, tumbling about in various directions, to be grabbed by the half naked laborers below and carried by hand, rolled, or tumbled, to the dim recesses of the hold and there stowed away for the voyage.

Cannot the student now picture to himself a case of his own goods going through this process?

Unloading at Destination.—When a ship arrives at the port of destination the processes of loading the ship have to be reversed. With a few exceptions, only at the greatest ports of the world may ships be tied up to quays or docks. The general custom is for ships to anchor in the harbors or roadsteads and discharge their cargoes onto lighters. At hundreds of so-called ports there are nothing more than open roadsteads where steamships have to lie anywhere from one to five miles off shore in the open sea. At such ports there is likely to be a heavy swell running.

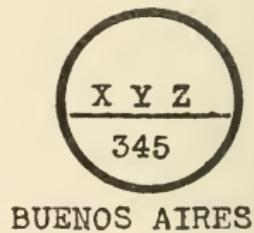
The lighters put off from shore, range alongside the steamer, bobbing up and down in very

different time from the rolling and pitching of the ship. With the utmost care, it is impossible to deposit slings of cargo from the ship onto these lighters without bumps, or without an occasional bath of spray.

From the foregoing description of the manner in which export freight is handled it will be readily observed that marks requesting careful handling or special treatment of any freight are utterly useless.

Consignee's Mark.—The symbol represents the consignee and is often arranged by him. It may be written in a great number of forms. It usually consists of one or several letters either alone or in conjunction with a diamond, a triangle, a square, a circle, or some similar design.

The following are examples of symbols such as are employed in export shipping:



These symbols identify the consignee and sometimes, as in the illustration of the mark for Buenos Aires, include a number which refers to the number of the order, or some other identification chosen by the consignee. The letters used may be the initials of the firm name or others arbitrarily

chosen, possibly in order to conceal the name of the consignee.

The Port Mark.—The port mark is the most essential of all. This mark, however, does not necessarily mean the actual seaport. The term is used to indicate the ultimate point of destination. Goods intended for a customer in Santiago, Chile, should not be marked Valparaiso simply because Valparaiso is the port and the terminus of the ship's voyage. The port mark should be clear and distinct and in large characters. When possible, the symbol should measure from 12 to 15 inches across and the letters of the port name $2\frac{1}{2}$ inches high.

Package Numbers.—When more than one case constitutes a shipment, serial numbers are given to the cases, usually placed alongside of such symbols as those illustrated. Instructions may be received, for example, to "number cases from 10 up." This means that one case is to be numbered 10, another 11, and so on. There must be no duplicates in these numbers, nor must any number be omitted. If two cases arrive in a foreign custom house bearing the same number, immediate suspicion is aroused of an attempt to defraud the customs.

Exactness of all Marks.—Extreme care must be taken in noting the gross and net weights of cases, as previously instructed. They must be as accurate and exact as the most careful weighing can make them and, like all other marks, must corre-

spond letter for letter with marks given on invoices and consular documents. Otherwise heavy fines are likely to result with great inconvenience and long delay, because the contents of the cases then have to be taken out and weighed separately in the custom house at port of destination.

Chapter 53

Weight, Measurement, and Conversion Tables

Ship's Option.—When a steamship company makes a freight quotation "per ton, weight or measurement, ship's option," it is understood that the charge will be made on a weight basis if the charge by weight, of the shipment, exceeds the charge by cubic measurement, or on a measurement basis should the cubic measurement charge exceed the weight charge.

While practically all foreign steamship lines quote freight rates on the basis of 2240 lbs., or 40 cubic feet measurement to the ton, such companies as the Panama Railroad Company figure the ton as 2000 lbs. Transpacific business handled by the transcontinental lines is also reckoned on the basis of 2000 lbs. to the ton. These companies usually quote rates, however, at so much per 100 lbs. or so much per cubic foot, so that it is practically immaterial whether they figure the ton as 2240 lbs. or 2000 lbs.

Weights and Measurements.—Exact statements of weights of all export shipments are necessary for steamship purposes and because of local conditions in foreign countries; measurements are required on account of ocean freight charges. Measurements for cases are seldom required in anything but feet and inches. Mistakes are pun-

ishable by heavy fines on importers in many countries where authorities assume that if goods weigh more than the declared weights there is an attempt to defraud the government, even when the difference is plainly a mistake. Sometimes goods under these conditions are actually confiscated by the authorities. In the Argentine Republic a leeway of only 2 per cent in the legal weight is permitted, although not much harm is done if the declared weight is more than 2 per cent over the actual weight.

Legal Weight Defined.—Legal weight is the weight of the goods themselves plus the weight of any paper wrapping, cardboard boxes, bottles, tins, etc., serving as immediate containers of the goods, exclusive of the outside packing case.

In several foreign countries some imported articles are dutiable on the legal weight.

British Weights and Measures.—The ton as used in Great Britain and its colonies generally is the long ton of 2240 lbs., which, except in a few commodities, long ago went out of use in this country and was supplanted by our short ton of 2000 lbs.

When quoting to British customers, quotations must be made in their tons and not in ours, unless we specifically state that our quotation is per 2000 lbs.

The British still employ old divisions of their long ton; viz., the hundredweight of 112 lbs., the quarter of 28 lbs., etc. The abbreviation for hun-

dredweight, "cwt.," is frequently incorrectly used in the United States to represent 100 lbs. A hundredweight is not 100 lbs.; it is 112 lbs., and "cwt." should never be used to represent anything else.

Cubic Measurement.—One of the first principles in calculating cubic measurement is that the old rule we learned at school is to be modified. In export arithmetic 12 cubic inches are called a cubic foot and 40 cubic feet equal one cubic ton. Anything under half an inch on a dimension is thrown off; one half an inch or over is the next higher inch. Thus a case measuring 10 $\frac{3}{4}$ in. x 2 ft. 3 $\frac{1}{2}$ in. x 2 ft. 8 $\frac{1}{4}$ in. would be recorded as 0/11 x 2/4 x 2/8.

This method gives the steamship the advantage of the even fraction. The cubic measurement of cases is an important fact in ocean shipping. It is always necessary to know the measurements of cases, or other packages, in which export goods are shipped. The length, breadth, and thickness should be marked on the packages and also should be noted on the receipt.

In taking the measurement of a package the extreme measurement in each direction has to be calculated. If there is a knob or point or any projection, the measurement over all is that which has to be figured. It is the diameter of a barrel at the bilge, and not at the head, on which calculation of that barrel's cubic measurement is based.

It is not necessary to give the result of every multiplication in cubic feet, yet the exporter should

know this result for his own information. It is necessary for him to know it whenever C.I.F. prices are quoted. Results of multiplication of dimensions are easily available in books of tables which are published for the purpose.

If an export man wishes to determine the result for himself it is simply a question of arithmetic. The length, breadth, and thickness must be reduced from feet and inches to inches by multiplying the length by the breadth and the result by the depth, giving a total of cubic inches. Divide this total by 1728 (the number of cubic inches in a cubic foot) and the result is in cubic feet.

It should be noted that fractions of a cubic foot (that is, the remainder after the division has been made) are not expressed in the fraction by placing the remainder over the divisor. It is expressed in twelfths of a cubic foot, arrived at by dividing the remainder just referred to by 144 (1/12th of 1728).

Example: Take the measurements of the case given in the first paragraph under the subject we are presenting— $0/11 \times 2/4 \times 2/8$. Reduce each to inches and we have

$$\begin{aligned}0/11 &= 11 \text{ inches} \\2/4 &= 28 \quad " \\2/8 &= 32 \quad "\end{aligned}$$

Multiplying these together for cubic content, $11 \times 28 \times 32$, we get 9856 cu. in. To reduce this to cu. ft., first divide by 1728. The answer is 5, with

a remainder of 1216, which in ordinary calculations would be expressed as a fraction $\frac{1216}{1728}$. But under the rule already given, we divide the 1216 by 144 and get 8, with a remainder of $\frac{64}{144}$, which is less than $\frac{1}{2}$ and is therefore discarded. The cubic measurement of the case for export is $5/8$, or 5 cubic feet 8 cubic inches.

The Duodecimal Rule.—There is another method by which the cubic content of a package may be obtained by multiplication alone, without dividing by 1728 and 144. It is called the duodecimal system of multiplication and is usable when the unit of computation is 12, as when 12 inches is the unit in calculations of measurement. The rule for this method is as follows:

The feet and inches of two dimensions should be set down one under the other; that is, feet under feet and inches under inches. Each term of the multiplicand, beginning at the lowest, is multiplied in turn by each term of the multiplier, beginning at the highest. The result of each first multiplication is set immediately under its corresponding term and one carried for every twelve from one term to the next higher. The product of the multiplication by each successive term in the multiplier is set successively one place farther to the right. The sum of the separate products is the total product. This product now becomes the multiplicand and the third dimension is used as the multiplier.

Example: To ascertain the cubic content of a

package measuring 2 ft. 5 in. x 4 ft. 7 in. x 5 ft. 9 in., usually written as $2\frac{5}{12} \times 4\frac{7}{12} \times 5\frac{9}{12}$, proceed as follows:

(a)	2	5		
(b)	4	7		
<hr/>				
(c)	1	8		
(d)	8	2	11	
(e)	1	2		
<hr/> <hr/>				
(f)	11	0	11	
(g)	5	9		
<hr/>				
(h)	55	4	7	
(j)	8	3	8	3
<hr/> <hr/>				
(k)	63	8	3	3

Answer 63/8

The explanation of the steps in securing that answer is as follows:

We first set down the dimension 2' 5"—labeled (a)—as the multiplicand; and under it we place another dimension, 4' 7"—labeled (b)—as the multiplier. Now multiply 5 by 4, as 5 is the lowest term—inches—of the multiplicand and 4 is the highest term—feet—of the multiplier. This gives us 20. Since 12 is the unit, and there is only one 12 in the 20, we set down the remainder, 8", under inches and carry the 1' to the feet column. This gives us line (c). Then multiply 2' by 4' and place the result, 8', in the feet column, line (d).

The term 5 is now multiplied by 7 and the result is 35. Dividing this mentally by 12 we get 2 and a remainder of 11. The 2 is placed in the inch column and the 11 carried one place farther to the right in line (d). Multiply the 2 in line (a) by the 7 and we have 14, which reduces to 1' 2" and these terms are placed in their respective columns in line (e). The multiplication is now complete and we add the terms. The 11 in line (d) is brought down to line (f). Then $8+2+2=12$, which is carried to the feet column as 1, leaving 0 to go in the inch column line (f). Column 1 then adds $1+1+8+1=11$, which is set down as 11' in line (f).

The third dimension, 5' 9", is now set down as the multiplier on line (g) and the multiplication is performed in the same way as outlined in the preceding paragraph.

Fractions of one-half inch or over are counted as one inch. Fractions under one-half inch are dropped. Therefore, the correct measurement for this package would be 63 cu. ft. 8 cu. in.

The Metric System.—The Metric System of weights and measures is generally employed throughout the world excepting in Great Britain and its colonies and in the Far East and Middle East. It is necessary for the exporter to understand the principles of this system and familiarize himself with the names of the various terms, committing to memory the equivalents of the standard denominations for length, weight, capacity, etc.

He should have available for quick reference a set of metric conversion tables which he can consult and find the exact equivalent in our common denomination of a metric quotation, or find the equal in the metric system of an American denomination.

The traffic man has no time to waste in attempting to figure these equivalents for himself. The chief things he must know and which he ought to commit to memory are:

The meter is equal to 39 3/8 inches.

The foot is equal to 30 1/2 centimeters.

The kilogram is equal to 2 1/5 lbs.

One pound is equal to a little less than half a kilogram.

In dry measure one liter is equal to a little less than one quart.

In liquid measure one liter is equal to a little more than one quart.

Abstract of Metric Weights.—

Decagram (10 grams) equals 0.3527 ounce.

Hectogram (100 grams) equals 3.5274 ounces.

Kilogram (1,000 grams) equals 2.2046 pounds.

Myriagram (10,000 grams) equals 22.046 pounds.

Quintal (100,000 grams) equals 220.46 pounds.

Millier or tonnea ton (1,000,000 grams) equals 2,204.6 pounds.

Abstract of Metric Dry Measure.—

Liter equals 0.908 quart.

Decaliter (10 liters) equals 9.08 quarts.

Hectoliter (100 liters) equals 2.838 bushels.

Kiloliter (1,000 liters) equals 1,308 cubic yards.

Abstract of Metric Liquid Measures.—

Liter equals 1.0567 quarts.

Decaliter (10 liters) equals 2.6417 gallons.

Hectoliter (100 liters) equals 26.417 gallons.

Kiloliter (1,000 liters) equals 264.17 gallons.

Abstract of Metric Measures of Length.—

Centimeter ($1/100$ meter) equals 0.3937 inches.

Meter equals 39.37 inches.

Decameter (10 meters) equals 393.7 inches.

Hectometer (100 meters) equals 328 feet 1 inch.

Metric Standards.— The names of the metric standards should be learned. The meter is the standard of length; the liter is the standard of capacity; and the gram is the standard of weight.

In measures of weight the kilogram, equal to $2\frac{1}{5}$ lbs., is the denomination most commonly encountered. The problem of multiplying and dividing denominations in the metric system presents no difficulties if the student will keep in mind the decimal system in which our own currency is founded and forget the 16 ounces to the pound avoirdupois.

Metric weights and measures are multiplied and divided just the same as our dollars and cents. Moving the decimal point a notch in one direction or the other multiplies or divides by ten.

When the system of multiples and divisions of the metric denominations are understood the system presents no difficulties. The prefixes employed are more easily understood if one has studied Greek and Latin. Greek prefixes are used when the standard is to be multiplied; thus, *deka* means ten times; *hecto* means one hundred times; *kilo* means one thousand times. The kilometer is a thousand meters; and a kilogram a thousand grams.

Latin equivalents for 10, 100, and 1000 are employed to indicate division. *Deci* means a tenth; *centi* means a hundredth; *milli* means a thousandth. A centimeter is a hundredth of a meter and a millimeter is a thousandth of a meter.

The principal denominations of the metric system in common use are as follows: In measures of length; the meter, with its multiple the kilometer, and its subdivision the centimeter. In measures of weight; the gram, but more especially its multiple the kilogram, and its subdivision the centigram. In measures of capacity, the liter and hectoliter.

The equivalent of the meter may be memorized by thinking of three threes; viz., 3 feet 3 $\frac{1}{3}$ inches. The pound may be called a half kilogram, although actually a little lighter.

Tables for Conversion of Money.—The conversion of foreign money into United States currency and vice versa is based upon the values of foreign coins as published by the United States Treasury Department, which values do not include

rates of exchange. The conversion tables of Great Britain and Holland, page 76, will illustrate the conversion of pounds to dollars and dollars to florins.

Examples of Conversion.—To find the value of foreign money expressed by one figure, find the figure in the top margin of the proper table and its value in United States currency will be found in the first line below.

If expressed by two figures, find the tens in the left hand margin and the units in the top margin; the value is at the intersection of the two columns.

If expressed by three or more figures, find the value of the first two figures and multiply by 10, 100, etc., as may be required; then find the value of the next two figures, and so on, continuing with the entire number; then add the several results.

To ascertain the value of 75,436 pounds sterling in United States currency, find the value of 75 pounds and multiply by 1,000, which gives \$364,-987.50; then find the value of 43 pounds and multiply by 10, which gives \$2,092.595; then find the value of 6 pounds, which is \$29.199; adding the several results gives \$367,009.29, the desired equivalent.

To ascertain the value of \$7,246 in Dutch currency, find the value of \$72 and multiply by 100, which gives 17,910.40 florins; then find the value of \$46, which is 114.428 florins; adding the two results gives 18,024.828 florins, the equivalent desired.

Ocean Transportation

GREAT BRITAIN—POUNDS TO DOLLARS

POUNDS	0	1	2	3	4
	DOLLARS	DOLLARS	DOLLARS	DOLLARS	DOLLARS
10	48.665	53.5315	58.398	63.2645	68.131
20	97.330	102.1965	107.063	111.9295	116.796
30	145.995	150.8615	155.728	160.5945	165.461
40	194.660	199.5265	204.393	209.2595	214.126
50	243.325	248.1915	253.058	257.9245	262.791
60	291.990	296.8565	301.723	306.5895	311.456
70	340.655	345.5215	350.388	355.2545	360.121
80	389.320	394.1865	399.053	403.9195	408.786
90	437.985	442.8515	447.718	452.5845	457.451
POUNDS	5	6	7	8	9
	DOLLARS	DOLLARS	DOLLARS	DOLLARS	DOLLARS
10	24.3325	29.199	34.0655	38.932	43.7985
20	72.9975	77.864	82.7305	87.597	92.4635
30	121.6625	126.529	131.3955	136.262	141.1285
40	170.3275	175.194	180.0605	184.927	189.7935
50	218.9925	223.859	228.7255	233.592	238.4585
60	267.6575	272.524	277.3905	282.257	287.1235
70	316.3225	321.189	326.0555	330.922	335.7885
80	364.9875	369.854	374.7205	379.587	384.4535
90	413.6525	418.519	423.3855	428.252	433.1185
	462.3175	467.184	472.0505	476.917	481.7835

HOLLAND—DOLLARS TO FLORINS

DOLLARS	0	1	2	3	4
	FLORINS	FLORINS	FLORINS	FLORINS	FLORINS
10	24.876	27.363	29.851	32.338	34.826
20	49.751	52.239	54.726	57.214	59.701
30	74.627	77.114	79.602	82.090	84.577
40	99.502	101.990	104.478	106.965	109.453
50	124.378	126.866	129.353	131.841	134.328
60	149.254	151.741	154.229	156.716	159.204
70	174.129	176.617	179.104	181.592	184.080
80	199.005	201.493	203.980	206.468	208.955
90	223.881	226.368	228.856	231.343	233.831
DOLLARS	5	6	7	8	9
	FLORINS	FLORINS	FLORINS	FLORINS	FLORINS
10	12.438	14.925	17.413	19.900	22.388
20	37.313	39.801	42.289	44.776	47.264
30	62.189	64.677	67.164	69.652	72.139
40	87.065	89.552	92.040	94.527	97.015
50	111.940	114.428	116.915	119.403	121.891
60	136.816	139.303	141.791	144.279	146.766
70	161.692	164.179	166.667	169.154	171.642
80	186.567	189.055	191.542	194.030	196.517
90	211.443	213.930	216.418	218.905	221.393
	236.318	238.806	241.294	243.781	246.269

COMPARATIVE TABLE—POUNDS AND KILOGRAMS

For quick conversion of pounds to kilograms the official Cuban method may be used; that is, pounds are multiplied by 45/100, although this results in making the amount in kilos a little less than the actual weight. The following table gives the comparisons.

Lbs.	Kilos	Lbs.	Kilos	Lbs.	Kilos	Lbs.	Kilos
1	.453	31	14.05	61	27.66	91	41.27
2	.907	32	14.50	62	28.11	92	41.72
3	1.360	33	14.96	63	28.57	93	42.18
4	1.814	34	15.41	64	29.02	94	42.63
5	2.267	35	15.86	65	29.47	95	43.08
6	2.721	36	16.32	66	29.93	96	43.54
7	3.175	37	16.87	67	30.38	97	43.99
8	3.628	38	17.22	68	30.83	98	44.44
9	4.082	39	17.68	69	31.29	99	44.90
10	4.535	40	18.14	70	31.75	100	45.35
11	4.988	41	18.59	71	32.20	200	90.70
12	5.442	42	19.04	72	32.65	300	136.00
13	5.895	43	19.50	73	33.11	400	181.40
14	6.349	44	19.95	74	33.55	500	226.70
15	6.802	45	20.40	75	34.00	600	272.10
16	7.256	46	20.86	76	34.46	700	317.50
17	7.710	47	21.31	77	34.91	800	362.80
18	8.163	48	21.76	78	35.36	900	408.20
19	8.617	49	22.22	79	35.82	1000	453.50
20	9.070	50	22.67	80	36.28	2000	907.00
21	9.523	51	23.12	81	36.73	3000	1360.00
22	9.977	52	23.57	82	37.18	4000	1814.00
23	10.43	53	24.03	83	37.64	5000	2267.00
24	10.88	54	24.48	84	38.09	6000	2721.00
25	11.33	55	24.93	85	38.54	7000	3175.00
26	11.79	56	25.39	86	39.00	8000	3628.00
27	12.24	57	25.84	87	39.45	9000	4082.00
28	12.69	58	26.29	88	39.90	10000	4535.00
29	13.15	59	26.75	89	40.36	15000	6802.00
30	13.60	60	27.21	90	40.82	20000	9070.00

Ocean Transportation

KILOS CONVERTED TO POUNDS

KILOS	0	1	2	3	4
		2.2046	4.4092	6.6139	8.8185
10	22.0462	24.2508	26.4555	28.6601	30.8647
20	44.0924	46.2971	48.5017	50.7063	52.9109
30	66.1387	68.3433	70.5479	72.7525	74.9572
40	88.1849	90.3895	92.5941	94.7988	97.0034
50	110.2311	112.4357	114.6404	116.8450	119.0496
60	132.2773	134.4820	136.6866	138.8912	141.0958
70	154.3236	156.5282	158.7328	160.9374	163.1421
80	176.3698	178.5744	180.7790	182.9837	185.1883
90	198.4160	200.6206	202.8253	205.0299	207.2345
KILOS	5	6	7	8	9
	11.0231	13.2277	15.4324	17.6370	19.8416
10	33.0693	35.2740	37.4786	39.6832	41.8878
20	55.1156	57.3202	59.5248	61.7294	63.9340
30	77.1618	79.3664	81.5710	83.7756	85.9803
40	99.2080	101.4126	103.6172	105.8219	108.0265
50	121.2542	123.4589	125.6635	127.8681	130.0727
60	143.3005	145.5051	147.7097	149.9143	152.1189
70	165.3467	167.5513	169.7559	171.9605	174.1652
80	187.3929	189.5975	191.8021	194.0068	196.2011
90	209.4391	211.6437	213.8484	216.0530	218.2576

POUNDS CONVERTED TO KILOS

POUNDS	0	1	2	3	4
		0.45359	0.90718	1.36078	1.81437
10	4.53592	4.98952	5.44311	5.89670	6.35029
20	9.07185	9.52544	9.97903	10.43263	10.88622
30	13.60777	14.06137	14.51496	14.96855	15.42214
40	18.14370	18.59729	19.05088	19.50447	19.95807
50	22.67962	23.13321	23.58681	24.04040	24.49399
60	27.21555	27.66914	28.12273	28.57632	29.02992
70	31.75147	32.20506	32.65865	33.11225	33.56584
80	36.28739	36.74099	37.19458	37.64817	38.10176
90	40.82332	41.27691	41.73050	42.18410	42.63769
POUNDS	5	6	7	8	9
	2.26796	2.72155	3.17515	3.62874	4.08233
10	6.80380	7.25748	7.71107	8.16466	8.61826
20	11.33981	11.79340	12.24700	12.70059	13.15418
30	15.87573	16.32933	16.78292	17.23651	17.69010
40	20.41166	20.86525	21.31884	21.77244	22.22603
50	24.94758	25.40118	25.85477	26.30836	26.76195
60	29.48351	29.93710	30.39069	30.84429	31.29788
70	34.01943	34.47302	34.92662	35.38021	35.83380
80	38.55536	39.00895	39.46254	39.91613	40.36973
90	43.09128	43.54487	43.99847	44.45206	44.90565

Weight Conversion Tables.—The above tables are used in the same manner as those for converting foreign money. Equivalents of quantities expressed by two figures are obtained by finding the tens in the left-hand margin and the units in the top margin, the equivalent being at the intersection of the two columns.

Illustrations.—To ascertain the number of pounds in 84,235 kilos, consult the table to find the number of pounds in 84 kilos and multiply by 1000, which gives 185,188.3 lbs.; then find the number of pounds in 23 kilos and multiply by 10, which gives 507.063 lbs.; then find the number of pounds in 5 kilos, which is 11.0231; adding the several results gives 185,706.3861 lbs., or 185,706 lbs.

Again, to ascertain the number of kilos in 9,654 lbs., find the number of kilos in 96 lbs., and multiply by 100, which gives 4354.-48700 kilos; then find the number of kilos in 54 lbs., which is 24.49399 kilos; adding the two results gives 4378.98099 kilos or 4,379 kilos.

COMPARATIVE TABLE OF VARIOUS TONS USED IN THE UNITED STATES

SHORT TONS	LONG TONS	METRIC TONS
1	0.892 87	0.907 18
2	1.785 71	1.814 37
3	2.678 57	2.721 55
4	3.571 43	3.628 74
5	4.464 29	4.535 92
6	5.357 14	5.443 11
7	6.250 00	6.350 29
8	7.142 86	7.257 48
9	8.035 71	8.164 66
1.12	1	1.016 05
2.24	2	2.032 09
3.36	3	3.048 14
4.48	4	4.064 19
5.60	5	5.080 24
6.72	6	6.096 28
7.84	7	7.112 32
8.96	8	8.128 38
10.08	9	9.144 42
1.102 31	0.984 21	1
2.204 62	1.968 41	2
3.306 93	2.952 62	3
4.409 24	3.936 83	4
5.511 56	4.921 03	5
6.613 87	5.905 24	6
7.716 18	6.889 44	7
8.818 49	7.873 65	8
9.920 80	8.857 86	9

Chapter 54

Shipping Papers

Various Forms.—In handling ocean traffic and in meeting the requirements of the shipping and revenue laws, various documents are required which are regularly made out by the shipper and the carrier. These documents are commonly called Shipping Papers, and a description of each form is as follows:

Shipping Permit.—When freight space has been engaged for a foreign shipment the steamship company issues a Shipping Permit (Form No. 21*), which is delivered to the shipper or his agent. This document contains instructions to the receiving clerk at the specified dock to receive, between certain stated dates, the quantities of freight briefly described therein. As a rule goods are not accepted on steamer docks unless accompanied by the Shipping Permit. Deliveries of freight must be made in accordance with the terms of the permits. If, for any reason, it is found impossible to make delivery in accordance with a permit, then new arrangements must be made and another permit secured.

The dock receipts, with the number of copies specified by the steamship company, should be attached to the permit for signature by the re-

* The forms mentioned in this book should accompany it in a container. They constitute a Supplement to the Traffic Guide.

ceiving clerk, when delivery of the shipment has been completed. (Form No. 22.)

When the shipment has been handled by lighter, or involves not more than a truck-load or less of commodities, the permit is usually sent with the man in charge of the goods, who presents it at the time of delivery of the freight. If the permit covers a large shipment—that is, when involving several deliveries—then it is customary for the shipper to mail the permit with a letter of advice to the receiving clerk on the dock, who places it on file and checks against it the goods as they are delivered within the time limit specified.

This permit usually includes several printed clauses covering the responsibilities of a steamship company. Thus the steamship company reserves the right to declare as void the quotation of freight rate under which the permit was issued if the value of the goods exceeds a certain amount—generally \$100 per package. The permit may also provide that the steamship company may hold all or any part of the shipment for the next sailing of the same line. It disclaims liability for delays, damages, or default, arising from riots, strikes, or other disturbances. It also further specifies that the steamship company does not become responsible for goods until they actually have been loaded on the steamer.

Dock Receipts.—When the export shipment is delivered to the steamer it must be accompanied

by the Dock Receipt (Form No. 22), prepared on the steamship company's form in the required number of copies. This is simply a receipt signed by the receiving clerk, acknowledging that certain freight has been received for despatch by a specified steamer. The packages are enumerated on this receipt, and the weight and measurement of each package should also be shown thereon.

When several deliveries are made by trucks against a single Shipping Permit the shipper's own forms are usually signed by the receiving clerk and given to the truckmen as their vouchers, while the Dock Receipt covering the whole shipment, as stated in the original permit, is held by the receiving clerk until deliveries are completed; then it is exchanged for the memorandum receipts. Most of the steamship lines require Dock Receipts made out in triplicate, which must accompany the shipment. The original is forwarded to the steamship company's office; the duplicate is held by the receiving clerk on the dock; and the triplicate is signed by the receiving clerk and turned over to the truckman or lighterman, as the case may be, after delivery is completed. The triplicate copy may be exchanged at the steamship company's office for the original, but frequently the requisite number of bills of lading are prepared and presented to the steamship company's office with the triplicate receipt. The Dock Receipt must be exchanged for bills of lading and these will not be issued by the steamship company until the Dock Receipt is in its possession.

While a Dock Receipt is not a bill of lading and is not negotiable, yet after being signed by the receiving clerk at the dock it may sometimes be of great value as evidence of the exact date of shipment. If a shipment misses forwarding by a special boat it may be a very serious matter, because the goods may be rejected by the customer on account of not having been forwarded on the specified steamer. This is especially the case when considerable time elapses between the sailings of vessels for a given port.

Shipper's Export Declaration.—Export goods have to be cleared through the custom house at port of shipment before steamship companies are permitted to issue bills of lading. An Export Declaration (Form No. 23) must be prepared by the shipper on the United States Customs' form and filed with the Collector of Customs at the port of exit. This declaration must be prepared for all shipments, whether of domestic or foreign origin destined to foreign countries, except for shipments of foreign merchandise in transit through the United States from one foreign country to another. The Shipper's Export Declaration must show the ship by which the goods are to be forwarded, the destination, the marks and numbers of the packages, the kind of goods contained therein, their values, etc., all of which must be sworn to before a notary or the appropriate official in the custom house, if the shipments covered thereby are valued at more than \$100. The oath is not required on declara-

tions covering shipments to Canada or Mexico by car, vehicle, or ferry, but the original declaration must be signed by the shipper. The data required in the Export Declaration must be correct, and must be based on personal knowledge of the facts stated, or on invoices or information furnished by the principal.

Although it is required that Export Declarations must be attested, it is not necessary for the exporter himself to swear to each declaration that he files, as it is customary to place on file in the custom house formal authority empowering some named representative of the exporter to perform this duty. Foreign freight forwarders, handling shipments of inland manufacturers, always attend to these formalities so that such manufacturers are relieved of this duty.

Full and explicit instructions regarding the preparation of this document are printed on the reverse side. If a shipper or his representative has any doubt as to the correct description of the articles to be shipped, in order that suitable classification may be made by the Government, he may obtain for 5 cents from the Bureau of Foreign and Domestic Commerce (which has branch offices located in the principal cities) the official schedule of classification of goods.

Most of the steamship lines require that an Export Declaration duly certified at the custom house must accompany each shipment; that is, it must be presented to the receiving clerk with the Dock Receipt.

Shipments from Interior Points.—For shipments, consisting of two or more cars, from interior points on through export bills of lading (especially for shipments by rail to Canada or Mexico), a separate declaration should be furnished for each car in order to avoid possible delay at the border. The reason for this requirement is that one of the cars might become detached from the train, on account of accident or other cause, and arrive at the border at a different time.

For shipments from interior points on domestic bills of lading, consigned to the seaboard for export, the declaration may be delivered to the carrier or mailed to the consignee at the port of exportation.

Shipments Originating at Point of Exportation.—If the shipment originates or the declaration is prepared at the port of exportation, the shipper must deliver the declaration in duplicate to the collector of customs, who will retain the original, certify the duplicate, and return the latter to the shipper for delivery to the vessel as a permit to export.

Description of Articles.—The kind of packages, boxes, barrels, bales, etc., must be specified and quantities should be stated in the standard commercial units designated in the Official Export Classification of Schedule B of the Department of Commerce, in net weight where required, exclusive of the weight of barrels, boxes, or other

bulky coverings, and of salt or pickle in the case of salted or pickled fish and meats. *Fractions* of quantities of less than one-half will be ignored, and one-half and over will be stated in whole numbers.

Values of Exports.—The values stated should be the actual cost or selling price if the goods are sold. If shipped on consignment, the market value at the time of exportation, in the ports of the United States from which exported, should be stated.

Freight and other charges from the port of departure in the United States to the destination in the foreign country or non-contiguous territory must not be included in the value.

Values should be stated in whole dollars only, ignoring the fractions of less than 50 cents, and counting 50 cents and upward as one dollar.

Separation of Domestic and Foreign Merchandise.—The value of all articles grown, produced, or manufactured in the United States must be stated in the column of "United States Products." The value of articles of foreign origin shipped out of United States in the same condition as imported must be stated in the column of "Foreign Products." If foreign articles are subjected to any process of manufacture or alteration in the United States, they become domestic products and must be reported as such; for example, sugar refined in the United States from imported raw sugar should be reported as a domestic product.

Country of Destination of Exports.—The country of ultimate destination—that is, the country to which the goods are sold or consigned—must be shown. Special care should be taken to state the *final destination* of goods shipped through Canada to Europe, and of goods to be transshipped in the United Kingdom, the Netherlands, Germany, and France to other countries.

Drawback.—When dutiable imported material is used in the manufacture or production of domestic merchandise which is exported, the Government allows the exporters a refund or “drawback” of the import duty less 1 per cent. The purpose of the drawback is to enable manufacturers in this country to work practically on a par with their foreign competitors, so far as the cost of material goes. Drawback is also allowed on exported medicinal and toilet preparations, including perfumery manufactured in the United States with the use of domestic tax-paid alcohol, the drawback being equal to the tax on the alcohol used. (Form 42 shows a Drawback.)

Products subject to our Internal Revenue tax, or goods originally imported from foreign countries, may be shipped “in bond” without payment of tax or duty.

By shipping “in bond,” American manufacturers of alcohol, tobacco and other commodities subject to Internal Revenue tax can ship their products unstamped to New York by bonded carriers, who deliver them aboard steamship “in bond.” This method enables shippers to offer

lower prices to foreign customers, or to make larger profits for themselves. Hence, these prices may be lower than those which the domestic customers must pay. When shipment has been delivered at the foreign destination, certificates of such delivery are returned to this country and the bond, covering the specific goods, is then cancelled.

All shipments are subject to drawback, whether they are exported direct by the manufacturer or through agents. In order to collect drawback it is necessary that an application be addressed to the Secretary of the Treasury requesting that the regulation be promulgated authorizing the payment of drawback on commodities that are to be exported, in which duty-paid materials or domestic tax-paid alcohol have been consumed. The drawback agents must be advised of all shipments subject to drawback, at least one day before the shipment leaves the factory, warehouse, etc., for exportation. (Form No. 43.)

As a prerequisite to the allowance of a drawback, the regulations require that the material must pass through some process of manufacture and that a claim be filed with the Collector of Customs at the port of exportation *before the goods are loaded on the export vessel or before they cross the border into Canada or Mexico.*

Regulations covering the use of the drawback may be obtained free of charge from the Treasury Department, Washington, D. C.

While the United States refunds annually several million dollars as drawback to manufacturers,

it is claimed that only limited advantage is taken of the provisions under our tariff laws, which permit a refund of 99 per cent of the duties paid on foreign material entering into the manufacture of goods which are subsequently exported; and the articles on which this drawback may be obtained are numbered by the thousand. It is not necessary that the manufacturer himself should be the importer of the material which he uses in the manufacture of his goods. This material may be imported by others, but in order to obtain the drawback the manufacturer must know when the goods were imported and the rate of duty that was paid.

Certificate of Origin.—A number of countries make in their tariff laws what they call two columns of duties; one being a general duty, and the other—called the “most favored nation column”—applying to the products of nations with which special treaties have been negotiated. In shipping from the United States to Argentine, France, Italy, Japan, Paraguay, Portugal, Spain, and Uruguay certificates of origin are required, as the Customs Tariffs of these countries allow reduced or preferential rates of duty on goods of American origin as compared with similar goods from other sources. (Form No. 24).

Parcel Receipt.—Many steamship companies offer facilities for shipping small packages, when the value does not exceed certain amounts, on a form called a Parcel Receipt (Form No. 25). This form of receipt was originated principally

for the purpose of enabling shippers to furnish their consignees with samples of the goods, shipped by the same vessel under regular bills of lading, before delivery of the actual goods. The parcels thus shipped are carried separately from general cargo and are more promptly delivered. It is claimed that the origin of the practice was to favor English shippers of piece-goods. Parcel Receipts were never intended to cover shipments of actual merchandise; therefore, a limit of value has always been placed by the steamship companies on the goods so shipped. Upon arrival of a vessel, Parcel Receipt packages are delivered promptly to consignees, who thus have an opportunity of showing samples of the goods to their customers and thereby disposing of them while the freight itself is in process of discharge and clearance through the Custom House, which may sometimes take a month or more. Parcel Receipts, however, are sometimes used in other ways, for small packages of ordinary merchandise are frequently forwarded under this form of receipt; but such shipments must be of small weight, dimensions, and value. The responsibility of the steamship company is much less under a Parcel Receipt than under a bill of lading.

When shipping small packages on this receipt it is advisable to so mark the packages that they will be kept apart from the general cargo. It is also advisable to call the receiving clerk's attention to Parcel Receipt packages when delivering them at the dock.

The shipment of small packages of nominal value on Parcel Receipts for a charge considerably less than the "minimum" bill of lading, is designed by the steamship companies to enable the export shipper to get his samples to prospective buyers abroad at slight cost.

The regulation of the companies governing Parcel Receipts differ greatly, both as to the size of packages and their value. The limit varies from no value up to \$50, but the steamship companies always reserve the right to refuse to issue Parcel Receipts. There are various reasons given for this action, but it is chiefly because of misrepresentations of value by shippers in order to get the shipment accepted on a Parcel Receipt.

Consular Invoices.—Many countries, principally those located in South America, require the American shipper to prepare Consular Invoices (Form No. 26), furnishing information as to valuation, weights, and all the regular details of any invoice, as a basis for the customary appraisal on arrival of the goods at destination. The information contained in these invoices is usually printed in the language of the country of destination of the goods and must be fully and accurately prepared. The invoice is then presented and sworn to by the shipper in person, or by some authorized representative, at the consulate of the country of destination in the American port of shipment. The number of copies of such a document which are required in different countries varies from 2 to 8. Usually the forms may be

CONSULAR DOCUMENTS REQUIRED BY FOREIGN COUNTRIES

Countries not mentioned are understood to require no special documents. All countries named require documents to be certified at port of departure. These requirements are subject to frequent changes.

COUNTRY	NO. OF COPIES	COST OF BLANKS PER SET	LANGUAGE IN WHICH PREPARED	CONSUL'S FEES	REMARKS
ARGENTINA	3	5 Cents	English	\$2.60 per set B/L	Three copies steamship B/L must be certified. Three certificates of origin required attached to B/L.
BOLIVIA	5-6	\$1.25 to \$1.50	Spanish	\$1.20 for value under \$80. Over \$80, 3% ad valorem.	Five copies required for shipments via Chile, Argentina, or Brazil; 6 copies via Peru.
BRAZIL	4	5 Cents	Portuguese	Per set invoices \$2.20.	No consular invoices required for shipments less than \$48.88 in value.
CHILE	4	30 Cents	Spanish or English	Graduated according to value from about 1% ad valorem.	Certification B/L 75 cents extra.
COLOMBIA	5	10 Cents	Spanish	1% or 3% ad valorem according to merchandise.	40 cents per set B/L.
Costa Rica	4	40 Cents	Spanish	No charge.	

purchased from the consuls in question, or they may be obtained from stationers authorized to sell them.

Exactness Required.—The necessity of exactness in every detail of export trade relations is imperative, and it is especially emphasized that this fact should receive most careful consideration in the preparation of Consular Invoices. No indefinite or incorrect statements are tolerated. No corrections or interlineations may be made. The smallest error on the part of shipper in making out these documents may be punishable by very heavy fines on the foreign importer, which cannot fail to cause a reaction against the shippers.

In transacting business with countries where Consular Invoices are required customers or consignees should be asked to give definite instructions as to how goods should be invoiced. When instructions of this nature are received they should be followed by shippers; the advice of any one at this end of the line to the contrary notwithstanding, even though the one giving the advice is the consul of the country in question.

The requirements of foreign countries concerning consular documents are given on the insert sheet facing this page.

“Non-Dumping” Certificates.—The British Colonies of Australia, New Zealand, South Africa, and Canada, in order to guard against the “dumping” of foreign goods into their markets at exceptionally low prices, require from ship-

pers certificates showing the prevailing prices in the country of origin for the goods covered by the invoice. This certificate (Form No. 27) must be signed by the principal or the director, manager, or secretary of the exporting concern, and must certify:

1. That the said invoice is in all respects correct and true.
2. That the said invoice contains a true and full statement showing the prices actually paid, or to be paid, for the said goods, the actual quantity thereof, and all charges thereon; or
3. That the price shown in the invoice in a separate column represents the actual price, at the date of this declaration, of equal quantities of identically similar goods to any purchaser for home consumption in this country.
4. That no different invoice of the goods mentioned in said invoice has been or will be furnished to any one.
5. That no arrangement or understanding affecting the purchase price of the said goods has been or will be made or entered into between the said exporter and purchaser or by any one on behalf of either of them, either by way of discount, rebate, salary, compensation, or in any manner whatsoever other than as shown in the said invoice.

The discount shown must be the same as that granted on similar quantities sold for the consumption in the United States. The inland freight (if goods are sold F. O. B. factory), the cost of

packing, cartage or lighterage to steamer, custom house clearance, ocean freight, and marine insurance must also be shown in statement form on this certificate.

Bills of Lading.—The most important document used in transportation of property is the Bill of Lading. There are various forms of Bills of Lading, each serving a particular purpose. These forms will be fully described in the next chapter.

Chapter 55

Export and Steamship Bills of Lading

Various Forms.—There are several kinds of Bills of Lading used in handling freight for export, each serving a special purpose. These forms are:

1. The Railroad Bill of Lading ("Straight" and "Order"), issued by railroads to cover shipments for export.
2. The Through Export Bill of Lading ("Straight" and "Order").
3. The Steamship Bill of Lading ("Straight" and "Order").
4. The Minimum Bill of Lading.

Railroad Bills of Lading.—Railroad bills of lading (Forms 28 and 29) covering L. C. L. shipments destined to foreign ports should always be marked "For Export," and when the bills of lading cover carload shipments they should be marked "For Export" and also noted "Lighterage Free." Shipments covered by bills of lading thus noted, on arrival at the New York city terminal are granted free storage for five days instead of the usual free time of 48 hours. However, when delivery is taken evidence must be submitted that the freight covered by said bills of lading is to be exported and this evidence should consist of an exhibit of a bona fide vessel permit for exportation of the property. When carload shipments

for export are consigned for lighterage delivery they are accorded ten days' free storage.

Through Export Bills of Lading.—There are two forms of the uniform through export bill of lading, one of which covers "Straight" consignments (Form No. 30) and the other covers "Order" shipments (Form No. 31). Any of the large railroad companies will arrange to issue through bills of lading from points on their lines to foreign ports, or even through to an inland point of destination in a foreign country.

There are several advantages which shippers derive by the use of this bill of lading, namely:

1. It relieves an inexperienced inland shipper of the immense amount of detail incident to making an export shipment.
2. Grain shipments which move in large volume are frequently forwarded on this bill of lading; and the meat packers find the use of it advantageous.
3. Shipments are frequently consigned to an export port on a through bill of lading, to point of foreign destination, care of an ocean steamship company. This method of consignment is often employed when the shipper desires to consolidate several shipments at a seaboard port, having made space reservation for a large tonnage; and frequently the through bill of lading is exchanged for a steamship bill of lading. In some instances this method is quite advantageous, and men who are

trained in the intricate details of exportation know how to obtain every possible advantage and privilege. Chapter 57 gives further details.

Reservation of Space.—It is very essential for inland shippers to have firm reservation of space made on a specified steamer, when forwarding an export shipment covered by a through bill of lading. The reason for this action is due to the fact that frequently shipments covered by through bills of lading are not forwarded as promptly as possible owing to the keen competition in booking local shipments. In order to book desirable local freight, steamship companies have been known to use space reserved for freight covered by through bills of lading, because the through freight would have to move via their lines, and they otherwise would lose this desirable local business.

Minimum Bill of Lading.—A Minimum Bill of Lading is issued by a steamship company for a small shipment, at an arbitrary rate, when the shipment is not of sufficient quantity or weight to require application of the current freight rate. The charge of the Transatlantic lines for issuing a Minimum Bill of Lading for direct ports is usually one guinea (about \$5.10) and the charge of the South American lines is usually \$5.00.

For ports not actually called at by the steamers of the lines, the charge is the sum of the minimum to the port where transshipment occurs and the minimum from that port to final destination. The minimum from the port of transshipment may be

either greater or less than the minimum to the direct port.

The rates quoted by various transportation companies for Minimum Bills of Lading are approximated only and are subject to change at the discretion of the companies, or through fluctuations in the rate of freight or exchange. Some steamship companies have no fixed minimum and the rates they quote for issuing Minimum Bills of Lading are only as low as may be required to secure the shipment.

Tariff Provision for Port of New York.—Through export bills of lading will be issued only when founded on a written ocean contract and then only when shipper gives written guarantee that any demurrage or storage charges accruing at the seaboard will be paid, but there are exceptions effective on traffic routed via certain steamship companies serving the North Atlantic ports.

Value of Representative at Seaboard Port.—While the through bill of lading may sometimes be desirable, the majority of shippers can make more economical arrangements by having a reputable export representative at the export port, who would give special attention to competing rates and services. There are many reliable concerns located at the ports of export, in whose care the inland shipper may safely trust his business. They are exceptionally expert in their line and procure for the shipper the best rates and service for reasonable charge.

The Steamship Bill of Lading.—The ocean carrier is not subject to the “law of common carriers” and may, therefore, limit his liability to almost any extent in his contract with the shipper. Each steamship company issues its own forms of the bill of lading, which sometimes are modified by conditions or customs at port of destination. There is no uniform style, but they are similar, however, so far as their main clauses go (Forms 32 and 33).

There is a movement on foot to devise a uniform bill of lading for use by the standard lines and the adoption of such a form would be highly beneficial to shippers. Possession of a bill of lading, correctly drawn to the shipper’s own order or consigning property to a specifically named consignee, conveys corresponding ownership of the goods represented by it.

When shipments are consigned “To Order,” endorsements must be made by some one authorized to sign the name of the party to whose order the goods are delivered.

How Bills of Lading are Made Out.—Bills of lading must be made out by the shipper on steamship company’s forms, usually supplied by the steamship company free of charge. The companies will not prepare bills of lading for local shippers or for inland shippers, unless they charge for so doing. It is necessary to make from three to eight copies of every ocean bill of lading; the number depending upon how many copies are required by the exporter himself, how many by the

steamship company, and how many by the consular authorities. Some of these copies must be negotiable; the balance are non-negotiable.

Negotiability of Bills of Lading.—Usually two or three "negotiable" copies are signed; depending on the number required by bankers through whose hands drafts and documents are passed. The bankers require what they call a "full set," which means every negotiable copy that has been issued. The possession of any one negotiable copy of the bill of lading is sufficient, when properly endorsed, to convey ownership of the goods; therefore, the bank has no security in the goods if a single negotiable copy is out of its possession. Upon examination of an ocean bill of lading in general use it will be seen that a certain number of copies is declared to have been signed. Form 32, of the Prince Line shown in the Supplement to the Traffic Guide, states that *three* bills of lading (exclusive of non-negotiable copies) have been signed; yet *eight* copies may have been made out.

The non-negotiable copies are used in various ways. The shipper usually requires one for his files and one may be sent to the customer for his information, although the negotiable documents have been sent to the bankers. The steamship company requires one copy at least, and other copies may be required by foreign consuls.

Order Bills of Lading.—Few bills of lading are made out directly in the name of the foreign consignee. This is done only when the consignee

has actually paid the exporter for the goods prior to shipment, or has otherwise arranged security before shipment of the goods, or shipments are made on open account. In any other case the bill of lading should be drawn "To Order." This means the bill of lading should read:

"RECEIVED, in apparent good order and condition, from.....T. S. TODD & CO.
.....(Items enumerated here).....
to be delivered from the steamer's tackles in like
good order and condition.....
unto..... ORDERor to their assigns."

T. S. Todd & Company are the shippers and the goods are to be delivered to them. No one else can obtain possession of these goods, when bill of lading is thus drawn, until T. S. Todd & Company place their official signature on the back of the bill of lading.

The "Notify" Clause.—In order to permit delivering steamship agents to advise the actual consignee of the goods, on their arrival, it is permissible to write in the margin of such a bill of lading, *Notify S. Pallas & Company*, the latter concern being the actual consignee. This notification clause does not give S. Pallas & Company any rights over the goods in question until they are able to present the properly endorsed bill of lading. This method of consignment facilitates delivery, as the steamship agent will advise S. Pallas & Company immediately upon arrival of the goods.

Another clause of similar nature may sometimes

be written on bills of lading in cases where transhipment has to be made in the course of voyage to destination. This clause, for example, may read: "Transshipping Agents at please notify S. Pallas & Company at name and date of sailing of transshipping vessel." This clause is a request to the agents at the transshipping point to advise the consignees, at the port where they are established, of the name of the steamer by which their goods will go forward from such point, and date of sailing. Requests of this kind are sometimes complied with and sometimes they are not.

There are some countries, however, which forbid the shipment of goods "To Order," and there are other countries that do not respect this method of consignment. The shipper, therefore, cannot control his goods when local conditions or regulations prevent. This especially applies to Venezuela, Colombia, Santo Domingo, and Guatemala. In Venezuela anyone can obtain delivery of goods, which are turned over by the steamship company to the custom house, merely upon presentation of a copy of the invoice for the goods and sometimes may obtain delivery without the presentation of even this document. In transacting business with the above named countries, the safest plan is to require payment for the goods before they leave an American port. There are still other countries which require that the "Notify Clause" must appear if bills of lading are drawn "To Order."

Endorsements.—All the negotiable copies of a set of bills of lading should be endorsed by the party to whose order they are made deliverable. If T. S. Todd & Company are the shippers of the goods and bill of lading is drawn to their order, then T. S. Todd & Company must endorse the negotiable copies before passing them along to any other person. If S. Pallas & Company are the consignees and the bills of lading are drawn directly to their order, then T. S. Todd & Company's endorsement is not necessary, but the bills of lading when presented by S. Pallas & Company at point of destination will be endorsed by them when taking delivery of the goods.

It is not sufficient to endorse only one of the negotiable documents, but all those that are negotiable should bear the required endorsement. In no event must the endorsement on the original be omitted.

Bills of lading, like bills of exchange, may be endorsed either "specially" (that is, to a particular person, firm, or bank, etc.) or "generally" (that is, in blank). In the latter case the goods are deliverable to the person who presents the document; the holder of a bill of lading being deemed to be the true owner of the goods. Any one copy of a negotiable bill of lading, provided it is in the possession of the lawful holder, is sufficient to give title to the goods.

If the consignee is unable to establish title to property in the form of an endorsed bill of lading correctly made out, he may arrange to furnish a

bond of indemnity to the delivering steamship agents for an amount sufficient to relieve them of any liability that might be incurred in delivering the freight to him. Bonds of this nature are not easily arranged, and invariably involve expense and delay.

Marks on Bills of Lading.—Space at the left of bills of lading is utilized for an exact reproduction of the marks and numbers appearing on the cases represented by the bill of lading. It is absolutely essential that the marks, etc., on cases, invoices, and bills of lading should be identical. The shipper makes out the entire document before presentation to steamship agents, excepting calculations for weights or measurements and extension of freight charges, which must be filled in by the steamship people themselves. When a large number of packages, including a variety of merchandise, is shipped on one bill of lading, the particulars may be written on the back of the form.

Bill of Lading Conditions.—A few of the phrases in general use in bills of lading are explained as follows:

1. "Shipped in good order and condition," means *apparent* good order so far as the external appearance of the packages shows.
2. "Quantity, quality, gauge, contents, weight, and value unknown," signifies that no matter what the shipper says when he makes out the bill of lading, the steamship owner reserves his rights in

these respects and will assume no responsibility for claims in such particulars.

“Clean” Bills of Lading.—Steamship owners are responsible for damage to goods, other than that covered by the clauses in the bill of lading. Therefore, when a package is found to be chafed, broken, or in any way damaged, when the goods are received on board, such facts are noted on the dock receipt and subsequently on the bill of lading, which is then called a “foul” bill of lading. The bank always looks with suspicion upon a foul bill of lading, because a claim will invariably be made on arrival of goods.

Large exporters, who are constantly making shipments by certain lines of steamers, file permanent instructions with the receiving clerks at docks of the steamship companies forbidding them to put on board vessel any package for which a clean bill of lading cannot be issued. Receiving clerks are instructed to telephone the shippers or advise them by letter of the facts and new cases will be supplied, or the defective ones coopered in order to put them in such condition that a clean bill of lading can be issued.

Sometimes a dock receipt will be returned quite unexpectedly endorsed “one case weak,” “one crate broken,” “one bale chafed,” or some other exception. The exporter on inquiry will find that the shipment has already been loaded on board vessel and cannot be reached. The bill of lading will bear the same undesirable notation unless steps are taken to prevent it. In instances of this

kind the steamship company itself may sometimes be induced to issue a clean bill of lading if they are given a "letter of indemnity."

If such a letter is accepted, it is attached to the ship's copy of the bill of lading in question, and if a claim for damage is made on arrival at destination, it is paid by the ship owners and recovered by them from the shippers.

Conditions on a Steamship Bill of Lading

The following bill of lading conditions are those contained in the form used by the Prince Line Steamship Service for cargo destined from ports in the United States to Montevideo, LaPlata, Buenos Aires, Rosario, and other Parana River Ports. (Form No. 32.)

RECEIVED in apparent good order and condition by the PRINCE LINE from (name of shipper) to be transported by the Steamship (name of steamer) at or off the port of NEW YORK, for carriage to (name of port), but with liberty either before or after proceeding towards that Port to proceed to, and stay at, any ports or places whatsoever (although in contrary direction to, or out of or beyond, the route to the said port of discharge), once or oftener, in any order, backwards or forwards, for loading or discharging coal, cargo or passengers, or for any purpose whatsoever, and all such ports, places and sailing shall be deemed included within the intended voyage (this liberty is not to be considered as restrict-

ed by any words in this contract whether written, stamped or printed), also with liberty to carry goods or other merchandise and horses, cattle, sheep or other animals on deck or elsewhere in the said ship, also with liberty to the vessel to adjust compasses and also to dock and go on ways with or without cargo on board, after commencing the voyage.

(description of articles)

being marked and numbered as per margin, shipper's weight (quality, quantity, gauge, contents, weight and value unknown), and to be delivered subject to the terms and conditions hereof, at the Port of (name of port) unto (name of order party or consignee) or his or their assignees, he or they paying average, accustomed if any incurred. It is hereby expressly agreed that the Freight and Primage* (as per margin) having been prepaid by the shippers, became wholly due, and belonged absolutely to the Steamer, without recovery, upon the receipt of the goods into custody of the said Steamer, Ship lost or not lost; and on the happening of any of the contingencies hereinafter mentioned the said Steamship is to have the right to forward the above mentioned packages to the port of destination on its own route, and shall receive extra compensation for such service, whether performed by vessels of this Line, or those of strangers; and in case of salvage service rendered to aforesaid merchandise or treasure during the voy-

*For explanation of Primage, see Chapter 60.

age by a vessel of the said Line, such salvage services shall be paid for as fully as if such salvaging vessel or vessels belonged to strangers.

IT IS MUTUALLY AGREED, that the ship shall have liberty to sail with or without pilots, and to tow and assist vessels in all situations, and to deviate for the purpose of saving life or property; that the Carrier shall have liberty to convey goods in lighters to and from the Ship at the risk of the owners of the goods; and in case the ship shall put into a port of refuge, or be prevented from any cause from proceeding in the ordinary course of her voyage to tranship the goods to their destination by any other steamship; that the Carrier shall not be liable for loss or damage occasioned by fire from any cause or wheresoever occurring; by barratry of the Master or crew; by robbers; by thieves; by arrest and restraint of princes, rulers or people, capture, seizure or embargo, riots, strikes or stoppage of labor; by explosion, bursting of boilers, breakage of shafts, or any latent defect in hull, machinery or appurtenances, or unseaworthiness of the ship, even existing at the time of shipment or sailing on the voyage, provided the owners have exercised due diligence to make the vessel seaworthy; by heating, decay, putrefaction, rust, sweat, change of character, drainage, leakage, breakage or any loss or damage arising from the nature of the goods or the insufficiency of packages; nor for land damage; nor for the obliteration, errors, insufficiency or absence of marks, numbers, address or descrip-

tion; nor for risk of craft, hulk or transshipment; nor for any loss or damage caused by the prolongation of the voyage, and that the carrier shall not be concluded as to correctness of statements herein of weight, measure, gauge, quality, condition, quantity, brands, contents and value.

General Average* payable according to York-Antwerp Rules, 1890, and as to matters not therein provided for, according to the usages of the Port of New York or port of destination, and to be adjusted at New York or at port of destination, in Owner's option, adjusters to be named by Owners or their Agents, and average bond to be signed with values declared therein and sufficient security to be given, as required by the Master or his Agent. Cargo shipped on deck to be at Shippers' risk and no claim in General Average to be made by the Shippers or Owners thereof.

If the owner shall have exercised due diligence to make the steamer in all respects seaworthy, and to have her properly manned, equipped and supplied, it is hereby agreed that in case of danger, damage or disaster, resulting from faults or errors in navigation, or in the Management of the steamer, or from any latent defect in the steamer, her machinery or appurtenances or from unseaworthiness, whether existing at the time of shipment or at the beginning of the voyage (provided the latent defect or the unseaworthiness was not discovered by the exercise of due diligence), the consignees or owners of the cargo shall, nevertheless,

*For explanation of General Average, see Chapter 61.

contribute with the shipowner in General Average to the payment of any sacrifices, losses or expenses of a General Average nature that may be made or incurred for the common benefit, or to relieve the adventure from any common peril, and shall pay salvage and any special charges incurred in respect of the cargo with the same force and effect, and to the same extent, as if such danger, damage or disaster had not resulted from, or been occasioned by, faults or errors in navigation or in the management of the vessel or any latent defect or unseaworthiness.

IT IS ALSO MUTUALLY AGREED that this shipment is subject to all the terms and provisions of and all the exemptions from liability contained in the Act of Congress of the United States, approved on the 13th day of February, 1893, and entitled "An act relating to Navigation of Vessels, etc."

1. IT IS ALSO MUTUALLY AGREED that the Carrier shall not be liable for articles comprised in Section 4281 of the Revised Statutes of the United States.* Also that Steamer will not be responsible for any sum exceeding \$100 per Package for goods of whatever description, not for any amount in respect of Gold, Silver, Bullion, Specie, Jewelry, precious Stones or Metals, Paintings, Statuary, or any other valuable goods of whatever description, unless the value of such be herein expressed and freight as may be agreed paid thereon. The Shipowners shall not be held liable for any profits or consequential or special damages, and

*See Supplement, page 18, for this statute.

the Shipowners shall have the option of replacing any lost or damaged goods.

2. ALSO, that the Shippers shall be liable for any loss or damage to Ship or Cargo caused by inflammable, explosive or dangerous goods, shipped without full disclosure of their nature whether such Shipper be Principal or Agent: and such goods may be thrown overboard or destroyed at any time without compensation.

3. ALSO, that the Carrier shall have a lien on the goods for all Freights, Primage and Charges, and also for fines or damages which the Ship or Cargo may incur or suffer by reason of the incorrect or insufficient marking, numbering and addressing of packages or description of their contents.

4. ALSO, in case of the entry of the port of discharge being interdicted, or communication therewith, rendering or being liable to render the Vessel liable to quarantine at that or any subsequent port, or in case of the Master considering the entry of any port, either from epidemic or otherwise, unsafe or injurious to the further prosecution of the steamer's intended voyage; or in case of ice preventing the steamer from reaching her port of discharge without delay, the Goods may be landed or put into quarantine depot, lazaretto, hulk, lighter or other vessel or place necessary for the Ship's dispatch at the consignee's risk and expense, or the Master may carry on the Goods to the nearest port to which he is bound and there land them, and thereupon the Shipown-

er's responsibility hereunder shall absolutely cease, and in the event of cargo being re-shipped to original destination from such port at which cargo is landed, the risk of such reshipment and all expenses, freight, etc., in connection therewith, to be for account of the Owner of the Goods. All quarantine expense upon the Goods of whatever nature, are payable by the Shipper or Consignee.

5. ALSO, that if the goods be not taken by the Consignee within such time as is provided by the regulations of the port of discharge, they may be stored by the carrier at the expense and risk of the owners.

6. ALSO, that if any bags of Grain, Coffee, Cocoa, or similar cargo be landed slack or torn the Consignees shall accept such proportion of the sweepings as shall be allotted by the Agents of the Carrier and the same shall be deemed a full settlement of any claim for loss in weight.

7. ALSO, that in all cases of damage or loss of such goods or merchandise the amount of claim or damage shall be restricted to the cash value of such goods or merchandise, at the port of departure at the time of shipment; and all claims for partial loss or damage shall be ascertained and adjusted upon the same basis of value, plus duty and customs charges actually incurred.

8. ALSO, that in case any claim shall arise against the Carrier for any loss or damage under this Bill of Lading, such claims shall be presented in writing, at the office of the agents of said steamship at the Port of Discharge, within three days

after the steamer shall have finished discharging, and in case such claim, whatever it may be, shall not be presented within the time and the place hereinbefore designated, such loss or damage shall be deemed to be waived, and the steamer discharged therefrom.

9. ALSO, that if on account of weather, earthquake, epidemic, riot, war or other disturbance or any cause beyond the control of the said Steamer, it shall be impossible or unsafe in the opinion of the Master to unload such goods at the Port of Discharge or Delivery the same shall be carried to the next convenient Port for discharge or transhipment to destination, or retained on board for delivery upon return at the Master's option, but at the risk and expense of the owner of said goods. If landed at next convenient Port, advices mailed to consignees if named, or otherwise to shippers, shall be deemed under this agreement a due delivery of said goods; and such goods shall be liable and a lien held thereon for all extra expenses incurred in consequence.

10. ALSO, that when it is necessary to verify weights or measurements in dispute, the expenses of reweighing or measuring shall be paid by the party in error.

11. ALSO, that the Carrier shall not be responsible for stains upon packages (unless caused by improper stowage) nor for shrinkage of wooden packages from climatic influences.

12. ALSO, that this Bill of Lading duly endorsed shall be delivered to the Carrier's Agents

upon demand after arrival in exchange for an order for the delivery of the goods; and that the Customs Collector of the Port of Discharge is hereby authorized to grant a General Order of discharge immediately after the entry of the Steamer.

13. ALSO, that the Shippers are hereby notified that this and all Steamers of this Line, carry general cargo for all ports, including kerosene oil and products of petroleum, spirits of turpentine and other liquids in cans, cases, barrels or packages, without liability for any damage to other cargo, resulting from leakage, smell, evaporation or other action of said goods.

14. ALSO, Lighterage, if any, shall be done by the Steamer's lighters, at current rate of charges, but at the risk and expense of the receiver or consignee of the goods.

15. ALSO, that in case of option, granted to the Shipper, between two ports of discharge, the option to be determined and immediate notice given on arrival of the Steamer at the first Port.

16. ALSO, Gas mole charges at Rosario payable by Consignee.

17. Privilege reserved to tranship at ship's expense but shipper's risk.

18. ALSO, if the Steamer entrusts or delivers the aforesaid Merchandise or Treasure to any other Steamer or Agent or other person, for the purpose of being FORWARDED to any port or place other than the regular port in the customary

route of this line (which the Steamer is hereby authorized to do), such Company or person so selected shall be regarded exclusively as the Agent of the Shipper or owner, and as such Agent, shall alone be liable; and the Steamer shall not be, in any event, responsible for the negligence or non-performance of any such Company or person; and the Shipper and owner hereby severally agree that all stipulations, exceptions and conditions contained in this Bill of Lading shall extend to and inure to the benefit of each and every Company or person to whom the Carrier may entrust or deliver the above described property for transportation, and shall define and limit the liability therefor of such other Company or person.

19. ALSO, the Company reserves liberty before shipment, or at any subsequent period and so often as may for any cause be deemed expedient, and at any place, to ship the whole or any part of the said goods by any other steamer or vessel, whether belonging to the Company or not, or to tranship or land and store, or put into hulk or craft by lighter or otherwise for such time as may be deemed expedient, and thence to reship by lighter or otherwise in the same or any other Steamer or Vessel, whether belonging to the Company or not, with liberty for the Steamer or Vessel to sail or enter port with or without Pilots, to tow and assist vessels in all situations, or to be towed, although deviating from the voyage, and to carry Goods of all kinds, dangerous or otherwise, and to carry Cargo on deck. The Vessel or substituted

Vessel has liberty before proceeding to her port of destination or whilst upon the voyage, to proceed or return to and/ or stay at any other port or ports, and notwithstanding that the same and the voyage thereto and therefrom may be entirely or partly outside the limits of the voyage above described, or in any rotation or order backward and/ or forwards for any purpose whatever, the intention of this Bill of Lading being, and it being hereby agreed, that the Shipowner shall under no circumstances be responsible for deviation or any of the delays, consequences or perils arising directly or indirectly therefrom or in the course of such deviation.

20. Glass is only accepted for carriage, and shipped on condition that the Carrier shall not be liable for breakage of same, however such breakage may be caused, even if by bad storage, rough handling or negligence on the part of any servant of the shipowner before or after the commencement of the voyage.

21. AND FINALLY, in accepting this Bill of Lading, the Shipper, Owner and Consignee of the goods and the Holder of the Bill of Lading agree to be bound by all of its stipulations, exceptions and conditions, whether written or printed, as fully as if they were all signed by such Shipper, Owner, Consignee or Holder, and it is hereby mutually stipulated and agreed that this Bill of Lading shall have the effect of a special contract.

Chapter 56

Lighterage, Trucking, and Storage

Demurrage Charges.—Many inland export shippers are apparently unfamiliar with the free lighterage privilege accorded to C.L. export freight forwarded via the port of New York. This statement is based on the failure of many shippers to note on their railroad bill of lading, "Lighterage Free." Through this omission a large amount of export charges has been incurred. The shipments consigned to New York, covered by bills of lading not noted "Lighterage Free," are frequently forwarded to the New York stations from whence they have to be carted by trucks to steamship piers, many of which are located in Brooklyn, Hoboken, and on Staten Island. Delivery to these piers necessitates an extra expense for ferriage in addition to the cartage charge.

When bills of lading for C.L. shipments of export freight bear the notation "Lighterage Free," the freight covered thereby is entitled to free delivery (with the exception of certain prohibited commodities) alongside steamer or on steamer's dock.

The following are the regular rules governing free lighterage at the port of New York:

On C.L. eastbound Lighterage Free freight, one free export lighterage delivery will be made of each individual consignment on which charges are assessed at the C.L.

rate, in such quantity as the consignee may direct, whether the consignment separately occupies a car or is loaded with other consignments in one car. Free delivery will be made of that part of the shipment covered by the first order for delivery received; when orders for delivery of two or more parts of the shipment are received at the same time, the free delivery shall attach to the one of the greatest weight. Any additional lighterage delivery of part of the same consignment from the same car will be charged for at the rate of 4c. per 100 lbs., with a minimum of \$8.40 for each such additional lighterage delivery, except that no delivery, other than one free delivery, will be made of consignments of lumber. The above charges will be in addition to the regular freight charges.

Demurrage Charges on Lighterage.—Lightermen are not required to deliver freight at a distance of over 100 feet from the gangway of their lighter, and in no case are they required to tier freight on the docks. In case of delay, for want of room in which to deliver freight within the distance above mentioned, demurrage shall accrue the same as if the consignee of vessels were not ready to receive. Lumber will be delivered only to string piece of dock, or to tackle of vessel.

When a lighter reports at its destination, the steamship company receiving the same must provide a berth, and 48 hours from the time the lighter reports, Sundays and full legal holidays ex-

cepted, provided same is on permit time, shall be deemed lay days without charge, after which demurrage shall accrue against each shipper, or ship owner, as the case may be, at the specified tariff rates per day of 24 hours or fraction thereof, Sundays and holidays included.

On deliveries to a steamship company when lighter contains shipments for two or more shippers or consignees, but one bill for demurrage will be collected, provided the steamship company pays or guarantees the charge.

If the steamship company will not assume the demurrage charges, they will be collected from shippers or consignees pro rata, based on the number of shippers or consignees, as the case may be, whose freight remains on the lighter after expiration of free time.

The railroad companies will accept permits only when a reasonable time is provided thereon to make delivery.

Through Export Freight.—The railroad tariffs covering the handling of export freight in the port of New York provide that through export bills of lading will be issued only when founded on written ocean contracts, and then only when shipper gives written guarantee that any storage charges accruing at the seaboard will be paid, except when C.L. freight is to be transported by U. S. Shipping Board steamers and certain named standard lines serving North Atlantic Ports as follows:

1. Through export bills of lading for freight

moving via the lines mentioned above will be issued only when founded on written ocean contract and on traffic moving under railroad transportation permit.

2. C.L. freight covered by through export bills of lading issued in connection with these lines will be held in warehouse, or, at option of carriers, in cars free of charge at the port of exit for a period of not exceeding fifteen (15) days, exclusive of day of arrival; thereafter demurrage charges, as per tariffs lawfully on file with the Interstate Commerce Commission, will apply.

3. In the event of a failure of the steamship company to clear freight on any vessel, or during any period for which specifically booked, or to order freight within the fifteen (15) days time, all demurrage charges accruing after the period of free time shall be paid by the steamship company.

4. When rail carriers deliver freight at port more than fifteen (15) days in advance of the date for which the freight is booked, such excess time shall be considered as additional free time.

5. Demurrage charges will cease to apply on and after receipt by the railroad from steamship company of order for delivery, provided steamer for which the shipment is intended is ready to accept cargo.

On export carload freight, moving in connection with steamship lines other than those previously referred to, through export bills of lading will be issued only when founded on written ocean con-

tract and on traffic moving under railroad transportation permit as follows:

1. C.L. freight covered by through bills of lading consigned for forwarding to these steamship companies will be held in warehouse, or, at option of carriers, in cars, free of charge at the port of exit, for a period not exceeding ten (10) days exclusive of date of arrival, Sundays, and full legal holidays; thereafter storage or demurrage charges as per tariffs lawfully on file with the I. C. C. will apply.

2. When rail carriers deliver freight at port more than ten (10) days in advance of the date for which the freight is booked, such excess time shall be considered as additional free time.

3. If rail carriers fail to transport shipments to the port in time to clear on steamer, or to clear during the period for which specifically booked (not booked for a vessel to sail on a specified date), demurrage or storage charges will not apply until the date of sailing of the steamer on which it is again booked is announced, after which demurrage or storage charges will apply as set forth in paragraph No. 1.

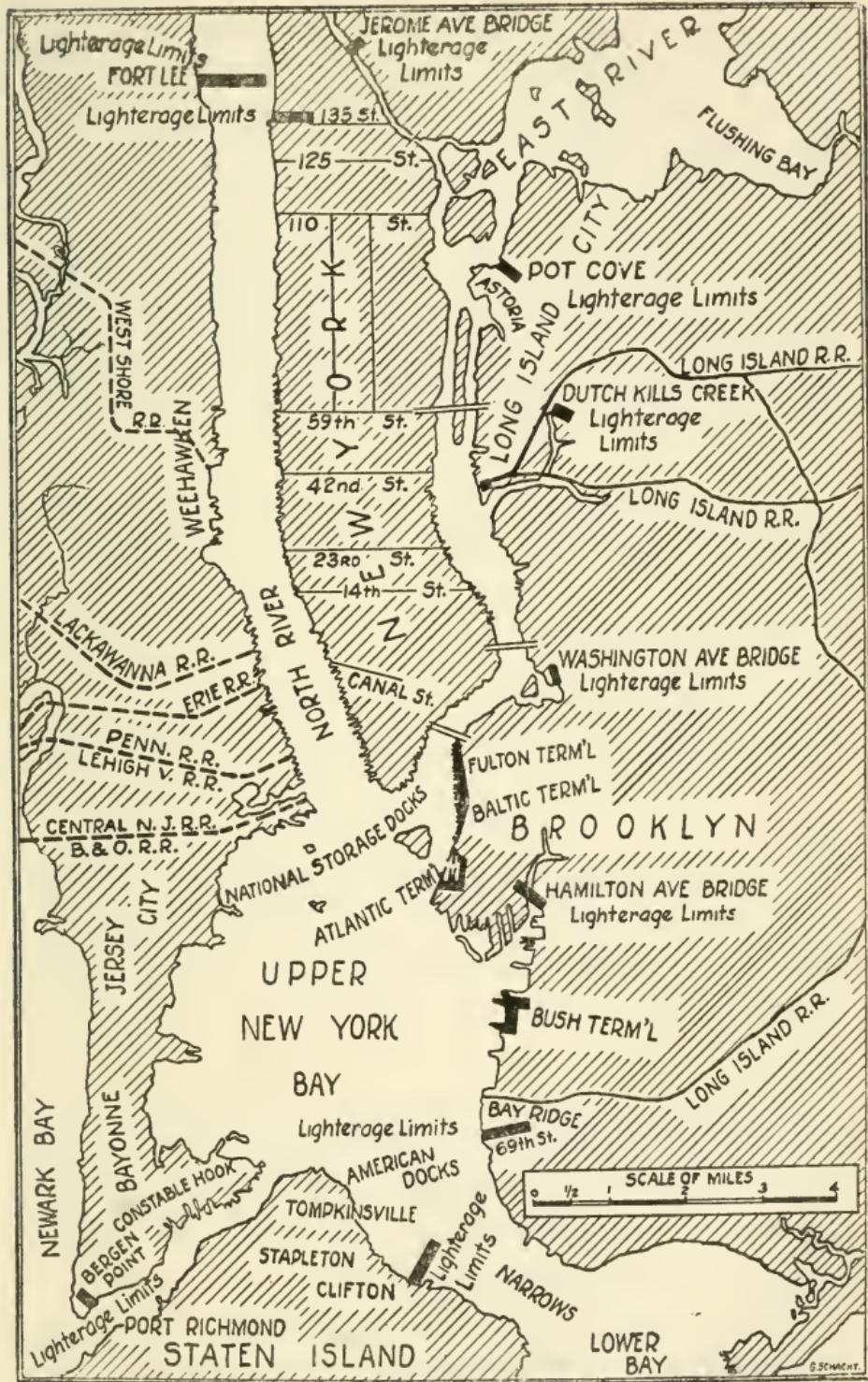
Trucking.—New York is the premier port of the United States and products of the West and Middle West, of New England and the South, have gone to New York for export in the past, despite the lower terminal charges in Philadelphia, Boston, Baltimore, and other ports. They have gone there because of the superior marketing facilities afforded and because it is there that represen-

tatives of buyer and producer meet. The producers, however, have complained bitterly of terminal conditions that require the transfer of traffic by trucks in order to accomplish deliveries to steamship companies.

The expense of deliveries to steamers at this port is a considerable item, when it is necessary to transfer freight by trucks. In some instances these cartage charges have amounted to as much, if not more, than the ocean freight. However, these charges cannot be considered excessive when one is familiar with the terminal facilities and the mode of procedure in effecting deliveries.

The topographical conditions of the port of New York make transfer charges unusually high. An examination of the map shown on page 125 will demonstrate why charges for cartage in New York are high in comparison with other ports. Further, conditions that also tend to cause high rates of cartage in this port are the expense of transacting business, high rentals, and the high scale of wages. The piers or docks of many of the ocean steamship lines are located on the New Jersey side of the river, in Brooklyn, and on Staten Island. When freight is carted to these docks the cost of ferriage is added to the cartage charges.

Truck Detention.—During periods of congestion, it has been a frequent occurrence for trucks to be detained from 48 to 60 hours in line, waiting to accomplish delivery. These lines of trucks have often been from a mile to two miles long,



THE PORT OF NEW YORK ; SHOWING LIGHTERAGE LIMITS

and for this long period of waiting the drivers usually received pay at the rate of double time. This extra expense is added to the other costs of handling and, therefore, it makes the terminal charges via New York extremely high.

When shipments are handled on through bills of lading the cartage charge assessed by the Transfer Agents of the various railroads is very reasonable and considerably lower than the prevailing cartage rates at this port.

The cartage and ferriage rates assessed by the trunk lines on shipments of export freight are as follows:

(a) Single shipments;

Less than 200 lbs., 50 cents each;

200 to 499 lbs., inclusive, 75 cents each;

500 to 1999 lbs., inclusive, \$1 each;

2000 lbs. and over, 5 cents per 100 lbs.

From any station south of 23d Street, North River, New York side and 14th Street, East River, New York side to any steamship pier north of 23d Street, North River and 14th Street, East River, or

From any station north of 23d Street, North River, New York side to any steamship pier south of 23d Street, North River and 14th Street, East River, the cartage charge will be 50 per cent in addition to the foregoing rates.

(b) Deliveries from New York stations to vessels in Brooklyn, Jersey City, and Hoboken 50 per

cent in addition to rates shown in Section (a) of this rule plus seventy-five (75) cents for ferriage on each 4000 pounds or fraction thereof.

(c) On heavy and bulky articles special rates apply.

(d). Where cartage and ferriage at above rates aggregate more than \$8.40 on an export shipment, such shipment (if not included in restricted articles) may be lightered at 4c. per 100 lbs. with a minimum of \$8.40 in addition to the rate to New York.

In explanation of the use of the foregoing extract of tariff in determining cartage charges on an L. C. L. shipment destined to a foreign port via a steamer sailing from Brooklyn, Jersey City, or Hoboken, covered by a through export bill of lading, or consigned in the care of an ocean steamship company, the following is an illustration:

On a shipment consisting of 10 cases of merchandise weighing 410 lbs. each, total weight 4100 lbs., the transfer charges would be:

4100 lbs. @ \$.07½ per 100 lbs.....	\$2.08
Ferriage	1.50
Total	\$3.58

In comparison with the charges assessed for cartage by the public truckmen in New York, the above rates are very reasonable.

Storage Rules Applicable to Export Freight.— All cars containing export freight (not covered by through export bills of lading and not subject to

warehouse storage rules), except coal and coke held in the railroad yards, will be allowed ten days free time. Free time will be computed from the first 7 A.M. after the day on which notice of arrival is sent to consignees. In computing time, Sundays and full legal holidays will be excluded; when a legal holiday falls on a Sunday, the following Monday will be excluded.

Export freight, both C.L. and L.C.L., when *unloaded on dock or platform stations* of the railroads, will not be placed in a public warehouse until five days after arrival, date of arrival not included. If during this period delivery is not taken prior to the expiration of 48 hours after the date of arrival (Sundays and legal holidays not included), the truckman on his call for the property must present a bona fide vessel permit for its exportation; otherwise storage charges will be collected. At the expiration of five days' free time storage charges will accrue, and property may be placed in a public warehouse at expense and risk of owner.

On freight covered by a through export bill of lading demurrage or storage charges will cease to apply on and after the date on which delivery of the freight is required, as indicated in the vessel permit. The permit or an order must be lodged with terminal railroad agents 72 hours in advance of the date on which delivery is required. If the carrier is unable to make delivery within 72 hours, no storage or demurrage charges will be assessed after the expiration of this period.

During normal times export freight via New York moves in great volume. Inland shippers generally allow considerably more time for the transportation of export freight than the usual time for movement of domestic freight. Consequently it is a common occurrence for export shipments to arrive at the port of exit a number of days in advance of the sailing of the steamer for which it was destined, frequently exceeding the free storage period. In cases of this kind the export representative has to arrange for the storage of the property in some public warehouse, or the railroads will store the goods in one of their selected warehouses at the expense and risk of owner. When freight is placed in a public warehouse, either by the railroad or the export representative, there is an expense of cartage from the railroad station to the warehouse, and the warehouse charges are usually assessed for a full month, regardless of whether the shipment remains there one day or the full period. The total of this expense is in addition to the regular terminal cost of handling, provided the consignment could have been removed from the railroad premises within the free storage limit. When the steamer is ready to receive, delivery of freight must be made in the usual way and at the regular charge.

At a large export port it is frequently necessary to incur expenses of this nature, but it affords a great opportunity for exploitation of the inland shippers, hence it is very essential that shippers

should have competent and reliable representatives at the ports of export, as well as a man in charge of their home traffic department who is versed in export traffic procedure.

Chapter 57

A Trip by Ocean Freight

The Itinerary.—In this chapter we will describe the trip of three shipments of freight starting from different points in the United States; namely, Savannah, Ga., Detroit, Michigan, and Cleveland, Ohio, and follow them on their journey to their final destination of Sao Paulo, Brazil, via Santos, giving the itinerary of each, together with an itemized statement of the cost.

The Start.—The three shipments were to meet at the port of New York and from thence travel together on the same steamer to Santos.

Shipment No. 1 began its journey at Savannah, Ga., and consisted of 10 barrels of Rosin, weight 5600 lbs., measurement 125 cubic feet; the cost of transportation to New York was:

10 barrels @ \$1.25 per barrel..... \$12.50

Shipment No. 2 began its journey at Detroit, Michigan, and consisted of one boxed Automobile, weight 3200 lbs., measurement 350 cubic feet; the cost of transportation to New York was:

3200 lbs. @ \$1.85 per 100 lbs. \$59.20

Shipment No. 3 began its journey at Cleveland, Ohio, and consisted of 56 kegs of Paint, weight 4480 lbs., measurement 44 cubic feet; the cost of transportation to New York was:

4480 lbs. @ \$.74½ per 100 lbs. \$33.38

Tickets.—The shipment from Savannah, Ga., traveled on a Savannah Line ticket (bill of lading); the shipment from Detroit traveled on a New York Central Railroad ticket (bill of lading); and the shipment from Cleveland, Ohio, traveled on a Pennsylvania Railroad ticket (bill of lading). Each ticket (bill of lading) contained a full description of the goods covered by it, and the marks shown on the packages were also noted on the tickets (bills of lading). Each ticket (bill of lading) was noted "For Export." The marks were stenciled on each package and consisted of a symbol—V.R., in a circle—which was the private mark of the party who would finally receive the shipment, and in large letters SAO PAULO, the port of ultimate destination. Each package was also marked, "For Export." The marks on packages and tickets were identical.

Arrival at New York.—In order that the best of connections might be made at the port on arrival and the expense of the trip reduced to a minimum, these shipments traveled in care of a well known agent, expert in foreign traffic, whom we will call John Smith. On his advice these three shipments began their journey on different dates so that they would arrive in New York at approximately the same time.

The Exporter's Service.—It is a common occurrence for a foreign buyer to send an order to an American exporter for certain goods. When this order is received, the first step that should be taken by the exporter is to ascertain where the

goods can be bought at best terms. This is determined by a comparison of the prices, quality, and suitability of the goods offered by the various manufacturers of similar goods. While this is an important part of the exporter's work, it is aside from the question of transportation.

Let us assume that the three shipments described are the result of this investigation and that the order was placed in the cities named. In a majority of cases the foreign client will expect all the goods which he placed on one order to reach him in one shipment; otherwise additional expense would be incurred, as a consular invoice would have to be prepared in New York for each shipment, and many of the local expenses incidental to the discharge at destination and the passage through the Custom House there would be duplicated. This necessity made it imperative that the shipments from the three cities should arrive in New York at approximately the same time, and consideration was given to the fact that shipments from points farther inland would take longer than those from the cities closer to New York.

Duty of Exporter.—The exporter must ascertain positively that the goods are packed with extreme care so that they will withstand successfully the many handlings and rough treatment to which they are to be subjected. He must furnish the manufacturers with a shipping mark to be placed on each case comprising the shipment (the shipping mark furnished for the described shipments is V. R., in a circle), which usually represents the

initials of the foreign buyer, and he must obtain the measurements of the cases and the correct gross, net, and legal weights figured in kilos. Where different kinds of goods are packed in one case it is necessary to obtain the net and legal weight of each kind, because the absence of this information or its incorrectness will lead to heavy fines in foreign custom houses. Legal weight, as explained in a previous chapter, is the weight of the goods themselves plus the weight of any paper wrapping or cardboard boxes serving as the immediate container of the goods, irrespective of the outside packing case.

How Smith Took Care of the Shipments.—Before ordering these goods forward to New York, after the manufacturers had them ready for shipment, Smith ascertained that a steamer would be loading for Santos (the seaport to which all freight destined for Sao Paulo is sent) about the time the three shipments would arrive, provided they started as directed by him. On arrival at New York the Savannah Line, the New York Central Railroad, and the Pennsylvania Railroad sent arrival notices to John Smith in whose care the shipments were consigned. These notices of arrival permitted five days for removal of the property, provided that evidence in the form of the export vessel's permit was presented when taking delivery. The calculations of Smith had been good and no misfortune was incurred, consequently the shipments from the three cities arrived well within the loading time of the steamer. If one or

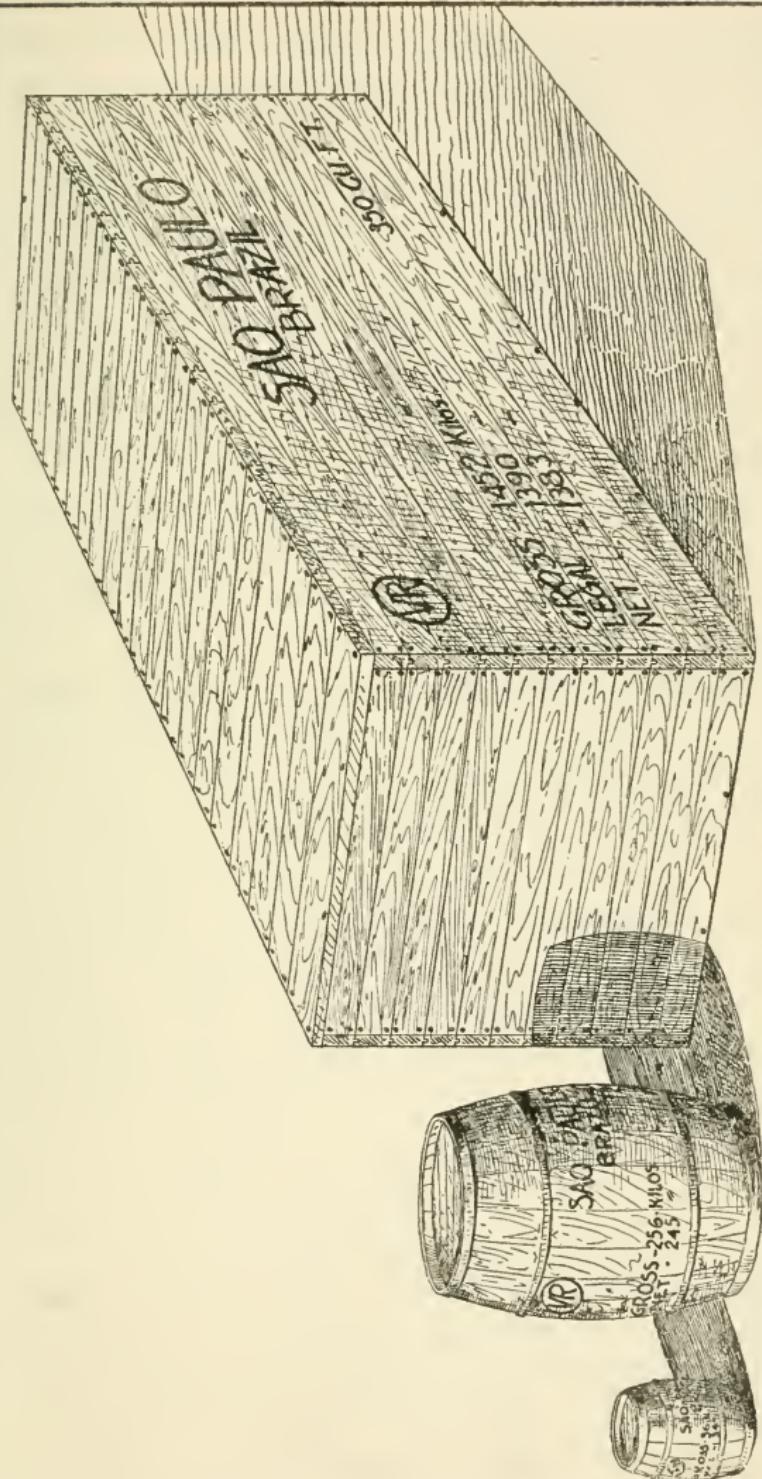
more of the shipments had not arrived in time, those that arrived would have been removed to John Smith's warehouse and held there until the delayed shipments turned up; then it would have been necessary to make connection with a later steamer.

Routine for the Ocean Trip.—While the goods were in transit to New York, Smith obtained a permit from the agents of the steamer authorizing the receiving clerk at the dock to accept the described shipments, deliverable within a fixed period, for a specified steamer. Smith then prepared a custom house clearance for each separate shipment. In it he gave the required information as to the character, description, and value of the goods and their destination. The accuracy of this document was sworn to by Smith before the proper official in the custom house. In due course a truckman was instructed to pick up the shipments at the terminals of the railroads and steamship company. Armed with the permit and clearances mentioned, he presented them to the receiving clerk on the pier of the Prince Line (located in Brooklyn, at which the steamer was loading), delivered the goods, and obtained his receipt on a form filled out by Smith. This form is called the "dock receipt" and it had to be prepared in triplicate. From the information contained in this receipt Smith made out the ocean bill of lading with seven extra copies and consigned the shipment to his *order*. The bill of lading had to agree with the receipt and contain an accurate

description of the goods shipped, their value, the shipping marks and numbers, as well as the weights and measurements of the packages, and the name and location of the consignee.

Each package constituting the three shipments had been marked, in accordance with instructions, with the gross, legal, and net weights, and its cubic measurements. In order to comply with the consular requirements it was necessary to convert these weights into kilos. See illustration facing this page.

Smith then submitted the bill of lading to the Brazilian consul, together with the required four copies of the consular invoice for authentication. These invoices had to be made out in Portuguese and they were practically a copy of the invoice to the buyer. This consular invoice could have been made out in English, as the custom house regulations of Brazil permit this, but practically all exporters have found it advisable to make out these invoices in Portuguese as it enables them to describe the goods exactly as the custom house tariff provides in each case, and therefore forces the application of the rate of duty which the tariff prescribes. If the consular invoice was made out in English, the custom house would translate it into Portuguese to suit itself and would undoubtedly, in many cases, describe the shipment in such a way as to secure the highest rate of duty which the tariff permits. Furthermore, there is a charge for translating the document from English into Portuguese. Three copies were retained by the



CORRECT MARKING ON THE SHIPMENT TO BRAZIL

consulate and the fourth was returned to Smith. After the consul had signed these papers he was paid the regular fee of \$2.20.

Eight copies of the ocean bill of lading were made out, six of which were submitted to the steamship company, together with a dock receipt previously signed by its receiving clerk. In due course three signed copies were returned against the payment of the corresponding freight. Three copies of the bills of lading were retained by the steamship company, one copy was forwarded direct to the consignee for his information, while the last (the eighth) copy was retained by Smith for his memorandum.

While the foregoing steps were being taken the shipment had been declared with the Insurance Company under Smith's open policy and an insurance certificate secured, which, together with Smith's invoice to the buyer, the consular invoice, and the signed bills of lading were handed to his bank in New York on the day before sailing of the steamer. Draft was drawn for the amount of invoice including all charges, payable at sight, and it was attached to the documents. The bank forwarded these documents to its foreign correspondent, on the same steamer which carried the goods, to be delivered to the importer against his acceptance of the draft. This steamer docks at the port of Rio de Janeiro, before proceeding to Santos, and lands the papers covering this freight so that they may be forwarded overland to the bank at Sao Paulo. Consignee receives his memo-

random copy of the bill of lading and undoubtedly the bank would notify him that it held the draft. The consignee calls at the bank, pays the draft, receives the documents and goes to Santos for the purpose of clearing his goods. Unless these documents were available for presentation to the custom house in Santos immediately on arrival of the steamer, fines would be imposed.

Arrival at Santos.—When the steamer arrives in Santos the goods are discharged in the custom house warehouse, and they are claimed there by the Sao Paulo importer. The shipments are inspected by the custom house officials and the duties are assessed and paid. Then the shipments are loaded on railroad cars and carried to Sao Paulo where they finally reach their ultimate destination, from 40 to 60 days after they left New York and from 4 to 6 months after the importer had mailed his order to New York.

This is the customary proceeding, and is based on things going through smoothly without any serious hitch. Of course, in many instances there arise complications which cannot be provided for in the regular routine and which must be taken up on their own merits.

While New York is used as the port for making the illustrated shipment, any other port would have entailed the same procedure, except that, as has already been said, getting the goods from a railroad terminal to the ship is a more complicated process in New York than in any other port of our country.

Conversion of Weight from Pounds to Kilos.—As the consular requirements for shipments to Brazil are that the gross, legal, and net weights of packages must be shown in kilos, the following statement shows the conversion for the shipment:

	<i>Gross</i>	<i>Legal</i>	<i>Net</i>
Rosin—Pounds	5600	.....	5400
" Kilos	2540	.....	2450
Auto—Pounds	3200	3065	3050
" Kilos	1452	1390	1383
Paint—Pounds	4480	.....	4200
" Kilos	2032	.....	1905

Cost of Transporting the Shipment.—Ocean freight charges are usually assessed on the basis of weight or measurement at the ship's option, whichever will yield the greater revenue. But some commodities, regardless of measurement, are taken on the weight basis, and rosin is one of these commodities. The 10 barrels of rosin measured 125 cu. ft., but were taken on the basis of weight, 5600 lbs. The statement of the entire cost of transportation is as follows:

ROSIN

Freight to New York.....	\$12.50
Cartage to steamer via ferry	
15c. per 100 lbs.	8.40
Ocean freight, 5600 lbs. @ \$12.50	
per gross ton	31.25

AUTOMOBILE

Freight to New York	\$59.20
Cartage to steamer via ferry.....	10.00
Ocean freight, 350 cu. ft. @ \$10	
per 40 cu. ft.	87.50

PAINT

Freight to New York.....	\$33.38
Cartage to steamer via ferry	
15c. per 100 lbs.	6.72
Ocean freight, 4480 lbs. @ \$18	
per gross ton	36.00
Total	<u>\$284.95</u>
Consular Invoice	\$ 2.20
Services of John Smith.....	15.00
Marine Insurance	<u>137.50</u>
Total expense from points of origin to Santos	\$439.65

To this expense would be added the duty assessed by the custom house officials at Santos, and the railroad freight charges from Santos to Sao Paulo.

Settlement Terms.—There are several methods in vogue covering settlement of accounts with foreign customers; namely,

First: There is the open account; that is, accounts with customers whose credit is established. In this case shipments are forwarded on straight bills of lading consigning the property direct to consignees.

Second: The foreign client may have deposited with a bank in this country a letter of credit and, as soon as shipment is effected and documents turned over to the bank holding this letter of credit, the amount of the invoice is paid. In instances of this kind shipments are forwarded on straight bills of lading consigning the property direct to consignees.

Third: The large majority of shipments are forwarded on bills of lading drawn to the ORDER of shippers and are covered by drafts on the foreign importers, drawn at varying numbers of days in accordance with the arrangements. These drafts range from *sight* to 120 days from date, and are usually negotiated through a U. S. Bank. In this event, all shipping documents are handed to the bank at port of shipment together with the drafts, and are forwarded to the foreign correspondent of the bank, the shipping documents being delivered to the importers against their acceptance of the drafts.

Chapter 58

EXPORT AND IMPORT RATES

Export and Import Rates Defined.—Export and import rates are those which differ from the corresponding local rates to and from the seaport and which are restricted to apply only to export and import traffic; that is, traffic destined to or received from a foreign country. These rates are actually proportional rates and are so considered by the Interstate Commerce Commission.

Purpose of Export Rates.—On many commodities exported from the United States the rates between interior points and seaports are less than the rates on the same commodities shipped in domestic trade. The numerous routes which this traffic may take, the low rates of ocean transportation, and the trade rivalries of seaports are the chief conditions which act to bring this result.

The principal, if not the only, reason for the establishment of export rates lower than domestic figures is found in the desire of carriers to equalize, via their ports, conditions created by transportation conditions through other ports.

This problem has been one of considerable difficulty, as it involves the relative shares of the various seaports in American export business; and it has occupied the attention of experts for more than forty years. The problem is not yet solved and is far from a satisfactory solution.

Attempt to Equalize Unsuccessful.—A number of years ago an attempt was made to equalize the aggregate cost of ocean and rail transportation between competing points in the West and all foreign points reached through Baltimore, Philadelphia, New York, and Boston, but it was unsuccessful and the equalization of rates to these ports has been a continual cause of controversy.

Competition of Gulf Ports.—Subsequent to the controversy over equalization of rates the export trade of the Gulf ports developed rapidly and these ports became important competitors for a large portion of our export trade, thereby forcing the Atlantic seaports to make common cause against their Southern rivals. This competition practically ended the controversy among the Atlantic seaports, but at intervals the question of differentials, applicable on export traffic to the Atlantic seaports, is revived; Boston being the chief complainant.

At the present time a large portion of grain and practically all cotton for export move via the Gulf ports. The opening of the Panama Canal has also been a great advantage to the Gulf ports, and efforts are being made to improve the New York Barge Canal in order to influence the movement of export grain via New York.

Export Rates.—There has long existed a controversy as to whether the making of export and import rates lower than domestic rates was not a discrimination against the United States shipper.

The rates on export freight from inland points in the United States to the port of New York are the same as the domestic rates, with the exception that on a number of specific commodities (principally grain, and iron and steel articles) the export rates are lower than the domestic rates. The rates from points in the United States east of the Mississippi River to Pacific Coast ports, on traffic destined to the Far East, are considerably lower than the domestic rates on a large number of commodities.

The ocean rate by direct steamer from New York to the Far East is higher than the ocean rate from the Pacific Coast ports, but this difference is much less than the difference between the domestic rate from, say, Chicago to New York, and the rate from Chicago to Portland. This port is served by five transcontinental railroads, but in order to move this traffic via Portland it is necessary for these transcontinental lines to make a lower rate than the domestic rate from Chicago, and this rate is published as an export rate.

The principle involved is that of the reasonableness of charging higher rates on goods shipped from or to domestic points, than are charged for similar goods over the same lines and for the same distance when they are exported or imported. In order to stimulate export traffic it is generally acknowledged not to be discriminatory or prejudicial to American interests to make export rates lower than the domestic. Furthermore, there is no questioning the fact that move-

ment of export traffic at lower rates than the domestic rates contributes to the fixed charges of the railroads and thereby enables them to transport domestic traffic at a lower rate than it otherwise might.

Complaints are frequently made, however, that American goods may be bought in London, and even in the Far East, at a lower price than they could be purchased for in this country. But that lower price is not to be attributed solely to the lower transportation costs on those goods.

Import Rates.—The making of import rates, from seaports to inland points in the United States, lower than the domestic rates is claimed to be based on the same principle as that used in making export rates. This principle may undoubtedly be equitably applied to imported goods that cannot be produced or manufactured in this country, but when applied to goods brought here for sale in competition with our own products, import rates lower than domestic are not justifiable.

I. C. C. Ruling.—The Interstate Commerce Commission has held that many American manufacturers, dealers, and localities, in almost every line of manufacture and business, are the competitors of foreign manufacturers, dealers, and localities for supplying the wants of American consumers at interior points in the United States and that under domestic bills of lading they are entitled to require from American carriers like service as

that given to foreign competitors. Furthermore, it is held that the Act to Regulate Commerce secures them this right, and to deprive them of it by any transportation device is a violation of the statute.

Apparent Discrimination.—As an illustration of the apparent discrimination which existed some time ago, it was brought out in a case before the United States Supreme Court that the domestic rate on boxes, buttons, and hosiery from New Orleans to San Francisco was \$2.88 per 100 lbs., while the total through charge on the same articles from Liverpool to San Francisco through New Orleans was only \$1.07 per 100 lbs. The Supreme Court did not give its opinion as to the reasonableness of these rates, but passed only upon the propriety of any difference in rates whatever. It held that the contention of the railroads was sound and recognized its validity.

The railroad contention was that this import traffic must be taken at an extremely low rate if at all, since otherwise the goods could go by water. On this basis of reasoning it would appear that the contribution from low import rates to the fixed charges of the railroads would enable them to transport other domestic traffic at a lower rate than they otherwise might.

In another important instance of apparent discrimination it developed that the rate on tin plate from Liverpool, by steamer and rail through Philadelphia, to Chicago was only 24c. per 100

lbs., while the domestic rate from Philadelphia to Chicago was 26c. per 100 lbs. For 2c. per 100 lbs. less than the domestic rate from Philadelphia to Chicago, this commodity could be brought all the way from Liverpool and landed in Chicago. The railroad proportion of the through rate of 24c. was 16c.

Protection by Tariff.—The duty assessed on imported articles by the Government, in accordance with the tariff, is usually sufficient protection against foreign competition. However, discrimination against the American merchant in favor of foreign competition, frequently more than sufficient to overbalance any supposed protection afforded by the tariff, has been repeatedly proved in many cases. To cite one instance: the duty with the total freight rate added amounted to only 18c. on an import shipment of cement, as against a rate of 20c. for the domestic product from New York to the same point. The reason for low rates like this is that steamers must have ballast for the return trips in order to equalize outgoing shipments of grain and other exports. They will, therefore, carry heavy commodities such as salt, cement, glass, etc., at extremely low rates. But these commodities cannot be sold to advantage in competition with domestic goods, unless the railroads contribute by making equally low rates to complete the shipment.

The Interstate Commerce Commission in these import rate cases held that such discriminations were unlawful and two Appellate Courts sustained

this view. Finally, however, the Supreme Court decided (three members, including the Chief Justice, dissenting) that the Interstate Commerce Law did not prohibit this practice.

Rule Governing Import Shipments Through Pacific Coast Ports.—As a condition of securing the benefit of import rates, satisfactory proof must be furnished to the initial rail carriers that the freight, originating in the Hawaiian Islands, Central or South America, Mexico, Asia, Philippine Islands, Australia, New Zealand, Oceania, Fiji Islands, or beyond, reached the Pacific coast port of entry in the United States or Canada within eighteen months prior to the date of shipment from such port of entry, and that the freight is contained in the original package in which the articles were exported from the foreign country, except as to articles for which rates are provided for transportation in tank cars.

Custom House Charges.—The import rates include the cost of making the initial custom house entry; namely, I. T. (Immediate Transportation) or T. & E. (Transportation and Exportation) on all import shipments and C. E. (Consumption Entry) on raw, wild, or waste silk (non-dutiable), when such I. T., T. & E., or C. E. entry is made by an authorized representative of the rail carriers handling the freight. All other custom house entries and charges, if any, must be made and paid for by owners of the freight prior to forwarding by rail. (Forms 40 and 41.)

Rule Governing Import Shipments Through Atlantic Coast Ports.—The Joint Commodity Tariff of inland proportional rates applying on import traffic, issued by the Trunk Line Tariff Bureau, provides that import rates apply only on property from foreign countries (except Canada and Newfoundland; but including Cuba, the Insular possessions of the United States, and the Panama Canal Zone) arriving at New York, Philadelphia, Baltimore, and Norfolk, by vessel and is delivered to the rail carrier direct from the ship's side or dock of the vessel, bringing such property to the named ports, or on such property received by the rail carrier from customs bonded warehouses or appraisers' stores or initial carriers' stores, provided same has not been transshipped at any other United States Atlantic or Pacific coast port.

Application of Export and Import Rates.—The skeleton tables of Export, Import, and Domestic rates, shown on pages 154 and 155, are for the purpose of comparison; and, in order to solve some of the problems given in the subsequent lessons, it will be necessary to understand the application of these rates.

If it were necessary to determine the rates applicable to the commodities shown in these tables to or from the points named, a competent traffic man would be able to select immediately the proper tariffs and ascertain the correct rates.

In order to show the value of the knowledge of tariff interpretation and rate construction, the

preparation of these rate tables involved consulting the following tariffs:

1. CENTRAL FREIGHT ASSOCIATION;

Tariffs TO Eastern Points—

- (a) Class Rates,
- (b) Commodity Rates,
- (c) Commodity Export Rates.

2. TRANSCONTINENTAL FREIGHT BUREAU;

Tariffs TO Pacific Coast Ports—

- (a) Westbound Export Commodity Rates,
- (b) Westbound Class and Commodity Rates.

Tariffs FROM Pacific Coast Points—

- (c) Eastbound Class and Commodity Rates,
- (d) Eastbound Import Commodity Rates.

3. TRUNK LINE TARIFF BUREAU;

Tariffs TO Western Points—

- (a) Class Rates,
- (b) Commodity Rates,
- (c) Commodity Import Rates,
- (d) Class and Commodity Rates
to St. Paul and Other Western Points.

4. CONSOLIDATED CLASSIFICATION.

The rates as shown in the tables are those that were in effect at the time of preparation and should not be considered as reflecting existing rates, because changes by supplements are continually being made.

Explanation of Rates.—On examination of the rate tables it will be observed that the rates are for carload lots only. The minimum weight on some commodities is higher when the export or import rate is applicable, with two exceptions; namely, Graphite from San Francisco to Chicago, and Gunny Bagging from Philadelphia to St. Paul.

The rule governing the application of carload rates is that the charge for an L. C. L. shipment must not exceed the charge for a minimum carload of the same freight at the carload rate. This rule means that if a shipment weighed less than the stated minimum shown in these tables and if, on the basis of the L. C. L. rate, the charges amounted to more than the charges on the basis of the C. L. minimum at the rates applicable to those weights, the correct charges would be the C. L. minimum at the C. L. rates.

For example: The export and import rates, and some of the domestic rates, shown in the rate tables are specific commodity rates. The L. C. L. rate on paint in kegs or barrels from Chicago, Illinois, to Portland, Oregon, is \$3.45½. On this commodity there is no L. C. L. *export* rate. If a shipment of paint for export weighed 20,000 lbs., the charge for rail transportation from Chicago to Portland would be shown as follows:

20,000 lbs., as 40,000 lbs. @ \$.80 per 100 lbs.	\$320
--	-------

But the charge would be \$691 if made on the actual weight of 20,000 lbs. at the L. C. L. rate of \$3.45½. In other words, this rule means that on a

shipment of paint for export, the weight of which was less than 40,000 lbs., no greater charge could be assessed than the charge for transportation of the minimum weight of 40,000 lbs. However, if a shipment of 20,000 lbs. of paint was forwarded from Chicago to Portland for export there would be waste transportation of 20,000 lbs., for the reason that 20,000 lbs. more of this commodity could have been forwarded without additional cost.

EXPORT AND DOMESTIC RATES COMPARED

FROM Chicago, Ill.	To New York	To Portland, Oregon	
	Export and Domestic	Export	Domestic
Agricultural Implements, C. L. Min. Wt. 24,000 lbs.....	63	.....	258½
Agricultural Implements, C. L. Min. Wt. 30,000 lbs.....		115	.....
Automobiles—Passenger, C. L. Min. Wt. 10,000 lbs.....	173½	365	500
Canned Corn, C. L. Min. Wt. 40,000 lbs.....		120	225½
Canned Corn, C. L. Min. Wt. 36,000 lbs.....	63	.....	.....
Machinery, C. L. Min. Wt. 24,000 lbs.....	63	.....	295½
Machinery, C. L. Min. Wt. 30,000 lbs.....		115	.....
Paint (kegs or barrels) C. L. Min. Wt. 40,000 lbs.....		80	150
Paint (kegs or barrels) C. L. Min. Wt. 36,000 lbs.....	63	.....	.....
Tin Plate, C. L. Min. Wt. 36,000 lbs.....	63	.....	.....
Tin Plate, C. L. Min. Wt. 80,000 lbs.....		80	150

IMPORT AND DOMESTIC RATES COMPARED

To Chicago, Ill.	FROM New York, N. Y.		FROM San Francisco, Cal.	
	Import	Domestic	Import	Domestic
Gunny Bagging, C. L. Min. Wt. 30,000 lbs.....	48	52½	.....	.....
Gunny Bagging, C. L. Min. Wt. 50,000 lbs.....	.....	.....	65	.....
Gunny Bagging, C. L. Min. Wt. 40,000 lbs.....	.....	.....	.....	142
Licorice Root (bales), C. L. Min. Wt. 30,000 lbs.....	52½	63	.....	408½
Licorice Root (bales), C. L. Min. Wt. 50,000 lbs.....	.....	.....	208½	.....
Graphite, C. L. Min. Wt. 60,000 lbs.....	.....	.....	133½	166½

To St. Paul, Minn.	FROM Philadelphia, Pa.		FROM San Francisco, Cal.	
	Import	Domestic	Import	Domestic
Gunny Bagging, C. L. Min. Wt. 30,000 lbs.....	70	78	.....	.....
Gunny Bagging, C. L. Min. Wt. 40,000 lbs.....	.....	.....	.....	142
Gunny Bagging, C. L. Min. Wt. 50,000 lbs.....	.....	.....	65	.....

Chapter 59

SHIPMENTS BY RAIL VIA OVERLAND ROUTES

Rail Routes to Adjacent Foreign Countries.—The largest portion of our trade with Mexico and Canada is carried on by rail and, although the handling of these shipments require special treatment, information concerning the necessary details in effecting such shipments is readily obtainable on inquiry from the railroad companies. The method of shipment to these countries is not intricate, and not much special attention is necessary.

Tariffs.—The International Tariffs issued by railroad companies, covering shipments to and from points in the United States and Canada, are joint tariffs and are filed both with the Interstate Commerce Commission and the Canadian Railway Commission. These tariffs contain the published rates, either class or commodity, and each states on the title page the governing classification. Practically all International rates between Canada and the United States are governed by our major classifications. The Canadian classification is used almost exclusively on traffic moving wholly within the borders of Canada. While the Interstate Commerce Commission has no jurisdiction over rail transportation beyond the borders of the United States, yet the relations between the different commissions are harmonious. From

many points in the United States there are through rates in effect to points in Canada.

For a number of years there have been no through rates established from points in the United States to points in Mexico, with the exception of a through rate applicable over the Southern Pacific Railway via Nogales. Shipments into Mexico are rated to the border in care of shipper's representative, who attends to the re-shipment to destination.

Car Manifest.—In forwarding shipments into Canada or Mexico by rail, on their arrival at the border port the carrier is required to deliver to the collector of customs a car manifest giving marks and numbers, the name of the shipper or consignor, description of the goods, and the destination thereof. The manifest may be the original waybill or simply a copy thereof, or a copy of the manifest may be prepared for the customs collector.

Export Declaration.—On shipments into Canada the export declaration is made in triplicate and two copies are delivered to the United States customs collector, and the third copy is delivered to the Canadian collector, at the Canadian port. The declarations must accompany the waybill. It is required that commercial invoices shall indicate the exact quantities and values of the articles comprised in each package, and these invoices in duplicate, properly certified, shall be delivered at the custom house with a bill of entry for all imported goods.

The large majority of rail shipments into Mexico go by way of Laredo, Texas, but some shipments are forwarded via El Paso or other port of entry. Importers in Mexico when ordering goods forwarded via rail have arrangements with some forwarding agent or customs broker located at the border port, to whom a copy of the invoice is sent, and he takes care of the consular declaration and passes the goods through the custom house.

Law Governing Export Shipments to Canada and Mexico.—Under the provisions of the Act of March 3, 1893, no railway car containing commodities for export will be permitted to leave the United States until the car manifest and shippers export declarations have been delivered to the collector of customs; but if any declarations are missing, immediate exportation may be permitted upon the filing of pro forma declarations therefor on Customs Form 7303, and upon the execution of a bond to produce such declarations within 15 days after the date of exportation.

Exportation by Ferry or Vehicle.—A shipper's export declaration, covering all goods exported by ferry or vehicle from the United States to adjacent foreign countries, must be delivered by the shipper or his agent to the customs officer, who will retain the original declaration and deliver the certified duplicate to the shipper, to the captain of the ferry boat, or to the driver of the vehicle, as a permit for the exportation of the goods. The driver of a vehicle must deliver the certified dupli-

cate to the customs officer when goods are taken out of the country, and the captain of a ferry boat must deliver to the customs officer at the close of each day all duplicates received. The ferry captain must also furnish a statement that such duplicate declarations cover all goods exported by ferry during that day. If for some reason a declaration cannot be produced, the shipments may be permitted to go forward upon the filing of a pro forma declaration on Customs Form 7303 and the execution of a bond.

Split Shipments.—If, through accident or intention, a shipment is divided at the port of exportation and part is forwarded in one car and part in another the railroad agent must note the amount shipped on the duplicate declaration attached to the car manifest. When subsequent shipment is made of the portion of the split consignment, the railroad agent must prepare a declaration and duplicate for this split portion, from records covering the original shipment. This declaration and duplicate must be presented to the collector at the time of shipment. The number of the original declaration must be noted on each of the copies in duplicate.

Verification of Export Declaration by Oath Unnecessary.—It is unnecessary to verify by oath export declarations covering shipments to Canada or Mexico by car, vehicle, or ferry; but the original declaration must be signed by the shipper. Export statistics are compiled from export decla-

rations, hence it is necessary that all the data required must be furnished in the prescribed manner. The information given is held as confidential and will not be disclosed without written authority of the shipper.

Shipments Forwarded in More Than One Car. If shipments are forwarded by rail from interior points on through export bills of lading, loaded in two or more cars destined to points in Canada or Mexico, it is important that a separate declaration be prepared for each car, in order to avoid delay at the border. For instance: if one or more cars, covered by one bill of lading and export declaration, should be separated from the train on account of accident or other cause and, consequently, arrive at the border at different times, or possibly be diverted to another port of exit, the cars thus delayed or avoided may be held up because of the lack of the required export declaration. Delays of this nature may, therefore, be avoided if a declaration accompanies each car.

Shipping Documents.—The packing list and consular invoice should show marks; number of packages; contents of each; gross weight of each package; net weight of each package and kind of goods in packages; legal weight of each package and class of goods; value of each kind of article; total value of package; country in which goods were manufactured; name of shipper; date of shipment; name of consignee; destination; and the name of the customs broker at the port of entry, in whose care freight is consigned. Many ship-

pers apparently do not understand the nature of a packing list and a manifest, or why it is necessary to prepare them; consequently a brief description of the details of forwarding a shipment from a border point to the interior of Mexico may be of value. Formerly the railroads and express companies received shipments consigned to Mexico and gave receipts or bills of lading from point of origin in the United States to final destination. This method of shipment is now changed and all shipments either by freight or express must be re-shipped from the border point and are treated as new shipments from the border point.

For example: If a shipment is made to A. Cortez at Durango, it is not forwarded direct to Durango, but is consigned in care of a specified customs broker at Laredo or some other port of entry. The bill of lading, packing list, manifest, and copy of invoice must also be sent to this customs broker, so that he will be in a position to apply for a consular invoice and comply with the customs regulations.

When this shipment reaches the border, if it is a full carload, the broker may put up a bond guaranteeing the safe return of the car to the United States and obtain permission to have it switched to the Mexican side where the freight contained therein is transferred to another car. If it is a less than carload shipment it is carted across the border on trucks. The consular invoice, the packing list, manifest, and a copy of invoice must accompany the goods to the custom house.

The custom house officials are supposed to open each package, inspect and weigh the contents, check them against packing lists and manifests, and assess the duties. Frequently they will not open all the packages if the papers and documents are made out correctly, so that they can obtain the necessary information from them instead of from full and actual inspection. If no packing lists or manifests are furnished, it is absolutely necessary to open and unpack all the goods in order to get the correct weight and values and to figure the duties. This action means long delay. Moreover, risk of breakage is incurred in handling fragile articles and sometimes small packages are lost through the necessary rehandling. From the custom house the goods are taken to the freight or express office, from whence they are reshipped to their destination.

Packing List.—A packing list gives the number of each box or package in a shipment and a list of its contents. It should always be prepared in triplicate. One copy should be retained by the shipper, one copy should be sent to the customs broker for his information, and one copy should accompany the goods. The manifest gives the weight, description of material, and value of each article in the packages.

Weights of Packages.—In Mexico the metric system is the legal standard for weight and is used for figuring duties. Weights, therefore, should be shown in kilos. Some shippers show the weight

in kilos and also in pounds: the former for the benefit of the custom house, and the latter for the convenience of their broker, their customers and themselves. When weights are given in pounds only, extra work is entailed in converting these pounds into kilos. However, weights *may be* shown in pounds and it is far better to show them thus than not to show them at all. Instructions are sometimes received from buyers to give gross, net, and legal weights of each article, as duties are assessed on goods according to classification; that is, some on gross weight, some on net, and some on the legal weight. No rule can be given covering this point and shippers must be governed largely by the instructions received from buyers, or if instructions are not furnished they must acquire this knowledge by experience.

Procedure in Shipping to Mexico.—When forwarding shipments to Mexico, the shipper should proceed as follows:

1. Send the original bill of lading, packing list, manifest, and copy of invoice to his customs broker. The customs broker must have the original bill of lading when goods are to be reshipped. If the practice of issuing through bills of lading from point of origin to final destination is again placed in operation, then the original bill of lading must be sent to the consignee and a copy to the broker. All shippers of freight into Mexico, or in fact into any foreign country, should read the shipping instructions, which may be readily obtained from the Exporters' Encyclopaedia. Com-

pliance with these instructions will avoid many delays and other inconveniences, both at the border and in Mexico.

2. Send the original of invoice and copies of manifest and packing list to the customer. The broker needs only a copy of the invoice, but should have the originals of packing list and manifest. Considerable trouble is often experienced on account of shippers sending the original papers to the broker when he should have only the copies, and vice versa.

3. All shipping instructions relative to forwarding from the border should be noted clearly on the manifest that is sent to the broker.

4. Each shipment should be marked with the name of consignee, final destination, and in care of the customs broker representing shipper at the border point. For example:

A. CORTEZ, DURANGO, MEXICO.
Care of J. SMITH, LAREDO, TEXAS.

5. In forwarding shipments care must be exercised so that shipments may not be split, because when split shipments arrive at the border extra trouble and expense are incurred.

Chapter 60

OCEAN FREIGHT RATES AND EXPORT QUOTATIONS

Variability of Ocean Freight Rates. — The freight rates of carriers, both by rail and water, covering transportation within the borders of the United States are subject to strict regulation by the Interstate Commerce Commission and the United States Shipping Board, under the power accorded by the Interstate Commerce Act and the United States Shipping Act.

The carriers have numerous tariffs, technical and highly complicated, containing commodity and class rates which are subdivided into many other kinds of rates. The freight forwarded by these carriers is grouped by classifications, and the trained traffic man can readily ascertain the charges applicable to the transportation of any shipment between two points.

In ocean transportation there is nothing comparable to this systematic regulation of rates. Continual fluctuations in ocean freight rates make it impossible to indicate any standard rates. Some steamship companies have attempted a systematic classification of commodities and have issued freight tariffs, but these tariffs are always subject to change without any notification.

Most of the steamship companies name rates on the basis either of weight or measurement,

ship's option; that is, they will charge the rate that will yield the greater revenue. One steamship line may quote a rate on goods on the basis of measurement while another line may quote a rate on goods of like kind on the basis of weight. Again, it might occur that a steamship company may have been charging on certain commodities according to weight basis and then change to a measurement basis. There are many reasons for occurrences of this kind, but competition is usually the principal cause so, in order to equalize rates, the change is made. The steamship company has the right to quote rates on either basis and is not obliged to maintain its rates for any length of time, unless a contract has been arranged. A contract is the only way a shipper can protect himself against changes of rates.

Weight and Measurement Standards.—As a rule, shipments weighing more than 56 lbs. to the cubic foot will be charged for on the basis of weight. But there are few commodities that weigh as much as 56 lbs. to the cubic foot, hence it follows that the majority of ocean freight rates are on a measurement basis. The principle of considering 40 cubic feet stowage space as equivalent to one gross ton originated in the carriage of grain, because it was found that one ton of grain required 40 cubic feet for stowing. Rates on some commodities are quoted also per bale, per barrel, etc.

While ocean freight is charged in various ways, the general rule is that heavy goods are charged

by weight and light goods by measurement. The liability of the steamer is usually limited according to the rate paid, but on articles of unusual value an additional rate, based upon the value of the goods, is charged and the liability of the steamship company is thereby increased.

Steamship companies operating from the Atlantic ports usually quote freight rates either on the basis of the gross ton 2240 lbs., or on measurement per 40 cubic feet. Pacific Coast steamship lines usually quote rates per 100 lbs. or per cubic foot. Business is also done on the basis of the net ton 2000 lbs., or measurement per 40 cubic feet.

Necessity for Correct Measurement. — Disputes often arise between shippers and steamship companies in regard to the cubic measurement of packages. These disputes are sometimes due to careless measurement on the part of the shipper, but generally they are due to the rules of the company for measuring, which usually require that packages shall be measured in a rectangular way. All irregularly shaped packages are, therefore, considered as rectangular and are figured by their gross dimensions.

The reason for this method of measurement is that packages of irregular shape are not easily stowed, and it may be difficult to find smaller packages to fill in the vacant spaces. When small packages are not available for this purpose "dunnage" or ship's lumber has to be used to keep the cargo from shifting.

Heavy Freight.—Unless otherwise stated, it is understood that freight rates quoted by steamship companies apply to packages not exceeding two tons weight. When packages exceed this weight the shipper must arrange to put the packages aboard the steamer at his own expense. Extra charges for handling these heavy packages are liable to be made at the port of destination or at transshipping points; therefore, shippers should be careful to ascertain exactly what the freight rate covers, when shipping heavy pieces.

Primage.—Ocean freight rates are usually net, but are sometimes subject to a charge which is known as *primage*. The British steamship companies often quote their rates in sterling plus a primage charge of 5 to 10 per cent. The term primage formerly referred to money given to the captain or crew to insure special attention to the cargo and careful handling. Subsequently it was used to remunerate agents for some shipping lines, but at the present time the primage money accrues to the steamship company and is usually accepted in place of loading charges. The practice of adding primage is gradually disappearing, this charge being included in the rate quoted. It has been alleged that the chief reason for the retention of the charge for primage is to enable the steamship companies to grant rebates.

Uniform Rates.—Steamship companies claim that large shippers have little, if any, advantage over the small shipper and they are without doubt

honest in claiming that the rates they name are the same to all, regardless of the quantity forwarded. However, if a steamer has unsold space, attractive rates may be offered to a large shipper in order to secure full cargo.

Payment of Freight Charges.—It is the custom of most of the steamship companies to require prepayment of freight on goods exported from this country, particularly since the Great War, and in only rare cases may shipments be forwarded subject to collection of charges at destination. When freight charges are prepaid it is the usual custom to charge the amount thereof in the invoice and draft.

Minimum Bills of Lading.—Nearly all the steamship companies have a minimum charge for small shipments, and they will not issue an ocean bill of lading except on the payment of a certain amount. This amount may be the freight charge for transportation of one or two tons, or from 40 to 80 cubic feet. Each line makes its own minimum. Minimum bills of lading should be avoided as far as possible. When small lots are to be forwarded arrangements should be made with some reliable foreign forwarding company. For example: if two cases weighing 250 lbs. and measuring, say, 20 cu. ft., were forwarded, the freight charges would equal the charge for 4 to 8 similar cases, as the rules of the shipping company might require.

Illustrative Tables of Ocean Freight Rates.—The following tables will convey some understanding of ocean freight rates to the ports given. Their application will be more clearly grasped after studying the method of determining ocean transportation charges, as worked out on pages 173-175.

OCEAN FREIGHT RATES, PER TON, FOR ATLANTIC COAST PORTS

TO	General Cargo	Machin- ery	Agricultural Implements	Automobiles
Bombay	\$21	\$20	\$21	\$16
Buenos Aires	20	16	10	10
Cape Town	23	23	23	23
Constantinople	19	19	18	18
Havre	20	20	15	20
Liverpool	16	16	14	14
Rio de Janeiro	14	12	12	12
Shanghai	18	12	12	12
Singapore	18	12	12	12
Sydney	20	20	20	15
Yokohama	18	12	12	12

These rates are based on weight per ton of 2240 lbs., or measure per 40 cubic feet, ship's option; that is, whichever will yield the greater revenue.

OCEAN FREIGHT RATES, PER TON, FOR PACIFIC COAST PORTS

TO	General Cargo	Machin- ery	Agricultural Implements	Automobiles
Manila	\$14	\$9	\$9	\$8
Shanghai	14	9	9	8
Singapore	14	9	9	8
Yokohama	14	9	9	8

These rates are based on weight per ton of 2000 lbs., or measure per 40 cubic feet, ship's option; that is, whichever will yield the greater revenue.

Determining Inland and Ocean Transportation Charges.—As previously stated, ocean freight rates, with the exception of certain standard commodities, are usually quoted W. M. (weight or measurement), ship's option; meaning that freight charges will be assessed per weight unit or per measurement unit at the optional rates, whichever will yield the steamer the greater revenue.

Attention is again called to the fact that on the Atlantic coast rates are based on the weight per *gross ton* (2240 lbs.) or measure per 40 cubic feet, and on the Pacific coast rates are based on the weight of the *net ton* (2000 lbs.) or measure per 40 cubic feet.

The following illustrations show how to determine transportation costs for both export and import shipments:

1. EXPORT TRANSPORTATION COST.—In order to find the lower transportation cost on a shipment of 336,000 lbs. of Paint in barrels, measuring 6486 cubic feet, from Chicago to Shanghai, China, we will determine the cost via New York, N. Y., and via Portland, Oregon.

The method of procedure is as follows:

Paint in barrels takes the General Cargo rate shown in the rate tables, page 172.

336,000 lbs. = 150 gross tons.

First, determine the charges via New York; then determine the charges via Portland. The lower charge is the one applicable.

FREIGHT CHARGES VIA NEW YORK

From Chicago to New York:

336,000 lbs. at \$.63 per 100 lbs.....\$2,116.80

New York to Shanghai:

336,000 lbs. at \$18 per gross ton..... 2,700.00

Total \$4,816.80

From Chicago to New York.....\$2,116.80

New York to Shanghai:

6,486 cubic feet at \$18 per 40 cu. ft... 2,918.70

Total \$5,035.50

FREIGHT CHARGES VIA PORTLAND

From Chicago to Portland:

336,000 lbs. at \$.80 per 100 lbs.....\$2,688.00

Portland to Shanghai:

336,000 lbs. at \$14 per net ton..... 2,352.00

Total \$5,040.00

Chicago to Portland.....\$2,688.00

Portland to Shanghai:

6,486 cu. ft. at \$14 per 40 cu. ft..... 2,270.10

Total \$4,958.10

The charge for transportation on this shipment from Chicago to Shanghai is lower via New York on the basis of measurement—\$5,035.50.

Attention is called to a peculiar fact ascertained in determining this cost, and that is; if this shipment was forwarded by way of Portland the ocean charges would be assessed on the basis of weight, but moving via New York the ocean charges are assessed on the basis of measurement.

2. IMPORT TRANSPORTATION COST.—In order to find the lower transportation cost on a shipment of 40,000 lbs. of Gunny Bagging measuring 1,560 cubic feet from Yokohama, Japan, to St. Paul, Minn., we will determine the cost via Philadelphia and via San Francisco.

We will assume that the ocean freight rates from Yokohama to United States ports are the same as those in effect from these ports to Yokohama, as given on page 172.

Gunny Bagging takes the General Cargo rates.

The method of procedure is as follows:

It will be immediately observed that the ocean charges will be assessed on the basis of measurement, because this measurement is considerably in excess of one cubic foot to 56 lbs.

FREIGHT CHARGES VIA PHILADELPHIA

From Yokohama to Philadelphia:

1,560 cu. ft. at \$18 per 40 cu. ft..... \$702

Philadelphia to St. Paul:

40,000 lbs. at \$.70 per 100 lbs..... 280

Total \$982

FREIGHT CHARGES VIA SAN FRANCISCO

From Yokohama to San Francisco:

1,560 cu. ft. at \$14 per 40 cu. ft..... \$546

San Francisco to St. Paul:

40,000 lbs., as 50,000 lbs., at \$.65 per
100 lbs. 325

Total \$871

The lower charge, therefore, is via San Francisco.

In reading the rate table it will be ascertained that the import rate from San Francisco is applicable on a minimum weight of 50,000 lbs., and, therefore, the freight charges have to be figured on that basis. The minimum weight from Philadelphia is 30,000 lbs., and, therefore, the freight charges from that point are figured on the basis of actual weight.

Quotations for Export.—In order that shipments may be handled in a most economical manner the routing and terminal delivery should be specified in the order and bill of lading. It is understood that unless a particular railroad is specified, the property will be delivered to the carrier most conveniently located to the shipper. If the buyer, for reasons of his own, desires to have the goods delivered to a carrier further removed from the shipper, this fact should be specified in the order and quotation made accordingly.

Printed forms should be used in making quotations; and, in addition to the description and quotation of prices, the form should specifically and clearly indicate at least the following: When delivery of goods will be made; approximate time after receipt of order when shipment can be expected; what liabilities are assumed by the manufacturer; what are assumed by the buyer; what form of marine insurance will be supplied in the

absence of specific instructions; terms of payment.

Sales Terms Defined

There are a number of abbreviations used by American exporters in quoting terms of sale; those most commonly used being "F.O.B." and "C.I.F." (often in foreign trade pronounced *siff*). At a recent conference of various trade bodies, including the National Foreign Trade Council, Chamber of Commerce of the United States of America, and others, the following statement of examples of the use of these various abbreviated forms was adopted and recommended for use by manufacturers and exporters.

1. When the price quoted applies only at the inland shipping point and the seller merely undertakes to load the goods on or in cars or lighters furnished by the railroad company serving the industry, or most conveniently located to the industry, without other designation as to routing, the proper term is: "F. O. B. (named point)."

Under this quotation:

A. Seller must

- (1) place goods on or in cars or lighters or deliver at railroad station, L.C.L.;
- (2) secure railroad bill of lading;
- (3) be responsible for loss and/or damage until goods have been placed in or on cars or lighters or delivered at railroad station, L.C.L., at forwarding point,

and clean bill of lading has been furnished by the railroad company.

B. Buyer must

- (1) be responsible for loss and/or damage incurred thereafter;
- (2) pay all transportation charges including taxes, if any;
- (3) handle all subsequent movement of the goods.

2. When the seller quotes a price including transportation charges to the port of exportation, without assuming responsibility for the goods after obtaining a clean bill of lading at point of origin, the proper term is: "F. O. B. (named point), FREIGHT PREPAID TO (named point on the seaboard)."

Under this quotation:

A. Seller must

- (1) place goods on or in cars or lighters or deliver at railroad station, L.C.L.;
- (2) secure railroad bill of lading;
- (3) pay freight to named port;
- (4) be responsible for loss and/or damage until goods have been placed in or on cars or lighters or delivered at railroad station, L.C.L., at forwarding point, and clean bill of lading has been furnished by the railroad company.

B. Buyer must

- (1) be responsible for loss and/or damage incurred thereafter;

- (2) handle all subsequent movement of the goods;
- (3) unload goods from cars or take them from the railroad station, L.C.L.;
- (4) transport goods to vessels;
- (5) pay all demurrage and/or storage charges;
- (6) arrange for storage in warehouse or on wharf where necessary.

3. Where the seller wishes to quote a price from which the buyer may deduct the cost of transportation to a given point on the seaboard, without the seller assuming responsibility for the goods after obtaining a clean bill of lading at point of origin, the proper term is: "F. O. B. (named point), FREIGHT ALLOWED TO (named point on the seaboard)."

Under this quotation:

A. Seller must

- (1) place goods on or in cars or lighters or deliver at railroad station, L.C.L.;
- (2) secure railroad bill of lading;
- (3) be responsible for loss and/or damage until goods have been placed in or on cars or lighters or delivered at railroad station, L.C.L., at forwarding point, and clean bill of lading has been furnished by the railroad company.

B. Buyer must

- (1) be responsible for loss and/or damage incurred thereafter;

- (2) pay all transportation charges (buyer is then entitled to deduct from the amount of the invoice the freight paid from primary point to named port);
- (3) handle all subsequent movement of the goods;
- (4) unload goods from cars, or take them from the railroad station, L.C.L.;
- (5) transport goods to vessel;
- (6) pay all demurrage and/or storage charges;
- (7) arrange for storage in warehouse or on wharf where necessary.

4. The seller may desire to quote a price covering the transportation of the goods to seaboard, assuming responsibility for loss and/or damage up to that point. In this case, the proper term is: "F. O. B. Cars (named point on seaboard)."

Under this quotation:

A. Seller must

- (1) place goods on or in cars or deliver at railroad station, L.C.L.;
- (2) secure railroad bill of lading;
- (3) pay all freight charges from forwarding point to port on seaboard;
- (4) be responsible for loss and/or damage until goods have arrived in or on cars at the named port.

B. Buyer must

- (1) be responsible for loss and/or damage incurred thereafter;

- (2) unload goods from cars or take them from the railroad station, L.C.L.;
- (3) handle all subsequent movement of the goods;
- (4) transport goods to vessel;
- (5) pay all demurrage and/or storage charges;
- (6) arrange for storage in warehouse or on wharf where necessary.

5. It may be that the goods, on which a price is quoted covering the transportation of the goods to the seaboard, constitute less-than-carload lot. In this case, the proper term is: "F. O. B. Cars (named port) L. C. L."

Under this quotation:

A. Seller must

- (1) deliver goods to the initial carrier;
- (2) secure railroad bill of lading;
- (3) pay all freight charges from forwarding point to port on seaboard;
- (4) be responsible for loss and/or damage until goods have arrived on cars at the named port.

B. Buyer must

- (1) be responsible for loss and/or damage incurred thereafter;
- (2) handle all subsequent movement of the goods;
- (3) accept goods from the carrier;
- (4) transport goods to vessel;
- (5) pay all storage charges;

(6) arrange for storage in warehouse or on wharf where necessary.

6. Seller may quote a price which will include the expense of transportation of the goods by rail to the seaboard, including lighterage. In this case, the proper term is: "F. O. B. Cars (named port) LIGHTERAGE FREE."

Under this quotation:

A. Seller must

- (1) place goods on or in cars;
- (2) secure railroad bill of lading;
- (3) pay all transportation charges to, including lighterage at, the port named;
- (4) be responsible for loss and/or damage until goods have arrived on cars at the named port.

B. Buyer must

- (1) be responsible for loss and/or damage incurred thereafter;
- (2) handle all subsequent movement of the goods;
- (3) take out the insurance necessary to the safety of the goods after arrival on the cars;
- (4) pay the cost of hoisting goods into vessel where weight of goods is too great for ship's tackle;
- (5) pay all demurrage and other charges, except lighterage charges.

7. The seller may desire to quote a price cov-

ering delivery of the goods alongside overseas vessel and within reach of its loading tackle. In this case, the proper term is: "F. A. S. vessel (named port)."

Under this quotation:

A. Seller must

- (1) transport goods to the seaboard;
- (2) store goods in warehouse or on wharf if necessary, unless buyer's obligation includes provision of shipping facilities;
- (3) place goods alongside vessel either in a lighter or on the wharf;
- (4) provide the usual dock or ship's receipt;
- (5) be responsible for loss and/or damage until goods have been delivered alongside the ship or on wharf.

B. Buyer must

- (1) be responsible for loss and/or damage thereafter, and for insurance;
- (2) handle all subsequent movement of the goods;
- (3) pay cost of hoisting goods into vessel where weight of goods is too great for ship's tackle.

8. The seller may desire to quote a price covering all expenses up to and including delivery of the goods upon the overseas vessel at a named port. In this case, the proper term is: "F. O. B. vessel (named port)."

Under this quotation:

A. Seller must

- (1) meet all charges incurred in placing goods actually on board the vessel;
- (2) provide the usual dock or ship's receipt;
- (3) be responsible for all loss and/or damage until goods have been placed on board the vessel.

B. Buyer must

- (1) be responsible for loss and/or damage thereafter;
- (2) handle all subsequent movement of the goods.

9. The seller may be ready to go farther than the delivery of his goods upon the overseas vessel and be willing to pay transportation to a foreign point of delivery. In this case, the proper term is: "C. & F. (named foreign port)."

Under this quotation:

A. Seller must

- (1) make freight contract and pay transportation charges sufficient to carry goods to agreed destination;
- (2) deliver to buyer or his agent clean bills of lading to the agreed destination;
- (3) be responsible for loss and/or damage until goods have been delivered alongside the ship and clean ocean bill of lading obtained (seller is not responsible for delivery of goods at destination).

B. Buyer must

- (1) be responsible for loss and/or damage thereafter and must take out all necessary insurance;
- (2) handle all subsequent movement of the goods;
- (3) take delivery and pay costs of discharge, lighterage, and landing at foreign port of destination in accordance with bill of lading clauses;
- (4) pay foreign customs duties and wharfage charges, if any.

10. The seller may desire to quote a price covering the cost of the goods, the marine insurance on the goods, and all transportation charges to the foreign point of delivery. In this case, the proper term is: "C. I. F. (named foreign port)."

Under this quotation:

A. Seller must

- (1) make freight contract and pay freight charges sufficient to carry goods to agreed destination;
- (2) take out and pay for necessary marine insurance;
- (3) deliver to buyer or his agent clean bills of lading to the agreed destination, and insurance policy and/or negotiable insurance certificate;
- (4) be responsible for loss and/or damage until goods have been delivered alongside the ship, and clean ocean bill of

lading and insurance policy and/or negotiable insurance certificate have been delivered to the buyer, or his agent; (Seller is not responsible for the delivery of goods at destination, nor for payment by the underwriters of insurance claims);

(5) provide war risk insurance, where necessary, for buyer's account.

B. Buyer must

(1) be responsible for loss and/or damage thereafter, and must make all claims to which he may be entitled under the insurance directly on the underwriters;

(2) take delivery and pay costs of discharge, lighterage, and landing at foreign port of destination in accordance with bill of lading clauses;

(3) pay foreign customs duties and wharfage charges, if any.

The price quotation "C. I. F." does not include foreign import duty, inland charges, the cost of consular invoices when required by country of destination, or any other item whatsoever, save those specifically included; namely, Cost, Insurance, Freight.

The *cost* means the price of the goods F. O. B. steamer, including all charges up to that point; namely, the initial cost at factory with railway freight charges, possibly storage, trucking, lighterage, and hoisting charges, if any.

The *insurance* covers the charge for premium on a marine insurance policy suitable for proper coverage of the shipment.

The *freight* covers the steamer's charges to port of destination, as assessed by the steamship company in accordance with the terms of the ocean bill of lading.

Additional Terms.—In addition to the terms which have been defined, the following quotations may be required occasionally:

"FREE HARBOR (named foreign port)."

Under this quotation, the exporter assumes responsibility for any additional and unforeseen expenses which may be incurred during the voyage; such as, transshipment if necessary because of an accident to the ship. Under a C. I. F. quotation, the exporter is under no liability to pay such charges or to see that transshipment is made and that the goods are forwarded to destination.

"C. I. F. & E. (named foreign port.)"

Under this quotation, the exporter assumes the cost of exchange, in addition to the responsibilities of the normal C. I. F. quotation.

"C. I. F. C. I. (named foreign port.)"

Under this quotation, the exporter assumes the bank collections and interest charges (Cost, Insurance, Freight, Collection, Interest). This quotation is especially favored by importers in the Orient.

Terms Generally Used.—Under the present method of transacting business, most sales of

goods which are to be transported in foreign trade are made upon what are known either as F. O. B. or C. I. F. terms. A single word added to these terms will prevent any misunderstanding; a C. I. F. contract should read "C. I. F. Kobe," or other destination. In this country the term F. O. B. is used rather loosely and sometimes quotations are made "F. O. B. Factory" when the seller means "placed free on railroad cars."

In export trade F. O. B. ought to mean "free on board cars at point of shipment," or "free on board vessel"; that is, all charges incident to delivery on board vessel are to be paid by the seller. There is a distinction between F. O. B. and F. A. S. The meaning of the term "F. O. B. vessel" has just been explained, but the term "F. A. S." (Free Along Side) means that if there is any additional charge for hoisting or for the use of special derricks that might be required to put unusually heavy packages into the hold or on the deck of the vessel, such charge must be paid by the buyer, and is not included in the terms of sale. Hence, it is necessary that terms should be explicit and thoroughly understood.

Routing.—When placing an order, the buyer should always designate whether he has any preference as to the route over which the goods may be forwarded. If he has any such preference it is his right to have it respected. If the seller is to pay all charges F. O. B. vessel, he has the right to forward via any route he desires and arrange delivery to vessel in such manner as he may

choose. Therefore, under these conditions the one that pays the costs of delivery, whether it be the buyer or seller, should be conversant with the best and most economical means of transportation commensurate with the service required.

Chapter 61

MARINE INSURANCE

Antiquity.—It is neither possible nor necessary for us to treat of marine insurance except in a general way. It is a highly technical subject, which would require a text book larger than this in order to give the student adequate information concerning it, and a specialist in marine insurance would have to write it. What we shall give, in this chapter, is such information as is needed by every export traffic man and every shipper of goods to foreign lands, so that they may *know* whether or not their shipments are really covered in the insurance policy.

Marine insurance, as we know it today, is said to have originated in Italy, among the Lombard merchants, about 1200 A. D. Prior to that, however, in the era of the Roman Empire, when ships were propelled chiefly by oars, the law provided that if it became necessary to throw the cargo overboard in order to save the ship, the loss involved should be borne pro rata by the owners of the cargo. This, as you will note, was not an insurance, but a cooperative allocation of losses. So far as we know, there were no written forms used between shipper and carrier: the earliest known marine insurance policy dates back to 1680.

Protection Accorded by Marine Insurance.—A Marine Insurance Policy (Form No. 34) is a con-

tract between the insurance company and the shipper or owner of the goods named therein, whereby the insurance company, in consideration of a specified premium, agrees to indemnify the party insured for any loss or damage that may occur to the goods during the voyage specified, said indemnification and loss or damage to come within the clearly defined terms and scope of the contract.

The Certificate of Insurance (Form No. 35) is as important a document as any other required shipping paper, and unless the insurance policy or certificate is properly made out it is quite probable that the owner of the goods will find it impossible to obtain reimbursement for his loss, or considerable difficulty will be experienced in doing so.

In addition to the possibility of loss or damage to his own goods the exporter will find, in case of disaster or accident to the vessel on which his goods are loaded, that he and the other owners of the cargo are held responsible for the expenses or sacrifices that the owner of the vessel or his agents incur for the good of all interested. Under the conditions of the ocean bill of lading there is a lien on the goods until the general average loss assessed against each shipment is paid.

Service Rendered by Marine Insurance Company.—The economic services rendered by marine insurance have been ably defined by Professor S. S. Huebner, University of Pennsylvania, as follows:

- (a) Marine Insurance eliminates the paralyzing effect of worry and fear.
- (b) Distributes losses to ultimate consumer.
- (c) Causes the cheapest distribution of loss.
- (d) Serves as a basis of credit.
- (e) Standardizes types of risks and creates justice between property owners.

Necessity for Competent Broker.—The selection of a marine insurance broker is one of the most important duties of the exporter, for the reason that it is essential that the exporter's marine policy be prepared in a correct manner. Hence it behooves the exporter to exercise great caution in this respect, and assure himself that the broker who takes care of his marine insurance is highly competent. The following incident will demonstrate the importance of this particular feature:

A bright young man, employed by a large United States importer, and versed in marine insurance, discovered that a shipment valued at over \$650,000, which was presumably insured fully against marine and war risks, was not covered properly and that the manufacturer could have recovered nothing if damage had occurred at the most dangerous part of the transportation. The reason for this was that, until within a short time ago, goods shipped to South American ports were practically at full peril a few hours after arrival in port. At the present time, however, by special arrangement, insurance against loss or damage after arrival can be had.

Very few shippers of export goods know whether a policy of marine insurance really *insures* the goods which it apparently protects—whether it insures *fully* or only *partially* against the loss that may occur to the freight directly or indirectly through assessment of “general average” upon the undamaged portion of a cargo, part of which might be sacrificed to save the rest. Not many shippers understand marine insurance sufficiently to know whether or not the insurance covers the goods beyond the arrival of the ship in port.

Genuine brokerage services in insurance are similar to the services of legal counsel. They not only require thorough technical knowledge of marine laws and the practices of insurance companies, but also involve the conditions in particular countries.

The exporter should not depend upon his own knowledge of insurance, for a little knowledge of this subject is a dangerous thing. The right kind of insurance is no more costly than the wrong kind; hence the selection of a competent broker is essential.

The marine insurance contract in general use has, through court interpretations, become clearer in its meaning, but its language is not readily understood by the casual reader. Therefore an explanation of a few of the most general terms and clauses will help to render the verbiage of an insurance policy more intelligible.

General Average.—A general average is a loss arising out of sacrifices made or extraordinary expenses incurred for the preservation of the ship or cargo, in order to save the ship or as much of the cargo as possible, and is for the benefit of all interests. The loss or general average charges are apportioned pro rata against the vessel, its freight earnings, and the value of the cargo. The amount thus apportioned against each shipment is collected from the insurance company, or paid by the consignee, or else a bond is furnished guaranteeing the payment of the charges.

General average is a voluntary and intentional sacrifice to protect the common good of all. A sacrifice to protect the ship alone, or the cargo alone, is not covered by general average. It is the opposite of an accidental loss caused by perils of the sea.

A loss caused by water to extinguish a fire is general average, but if the packages themselves were on fire the damage sustained would not be subject to general average. General average laws are usually adjusted according to what is known as "York/Antwerp rules." These rules were framed by conventions of ship owners, merchants, and underwriters held many years ago in the two cities named. Bills of lading often indicate the basis upon which adjustment of general average losses will be made. For instance: a bill of lading may read, "general average to be payable according to York/Antwerp rules, 1890, and Antwerp rule, 1903." When bills of lading do not con-

tain such a provision the laws of the country of destination of the ship govern adjustment. Some of the losses which are admitted as general average are as follows:

Loss of cargo and the freight charges thereon, when thrown overboard; damage to cargo by water used to extinguish a fire on board, provided the damage did not occur through the cargo itself getting on fire; wages and provisions of the master and crew during detention at port of refuge and expenses there incurred; cost of voyage of ship and cargo, when ship becomes disabled and is picked up at sea.

Particular Average.—Particular average differs from general average in that it refers to partial loss on an individual shipment from one of the perils insured against, irrespective of the condition of the balance of the cargo. Usually the policy of insurance specifies that the loss must be in excess of a certain percentage of the insured value of the shipment (usually 3 per cent to 5 per cent) before a claim will be allowed by the company. The clause "F. P. A.," meaning "Free of Particular Average," is a qualifying clause, generally used in arranging insurance certificates. Under this clause it is not necessary to prove that the loss or damage was caused directly by any one of the two casualties already mentioned; and if it is necessary to discharge the cargo at a port, the insurance company will pay the landing, warehousing, forwarding, or other charges that may accrue.

Particular average falls entirely upon the owner of the goods which suffered damage, instead of being contributed for by the owners of the balance of the cargo.

Particular Charges.—Expenses incurred by or on behalf of the assured for the safety or preservation of the goods insured, other than general average or salvage charges, are called *particular charges*. These charges are not included either in general average or particular average. A clause covering these charges is inserted in all contracts of marine insurance issued in America and England, and is called the "sue and labor clause." This clause grants permission to "sue, labor, and travel for," in and about the defense, safeguard, and recovery of the said goods and merchandise, or any part thereof, without prejudice to this insurance; nor shall the acts of the insured or insurers in recovering, saving, and preserving the property insured, in case of disaster, be considered a waiver or an acceptance or an abandonment; and to the charges whereof, the said assurers will contribute according to the rate and quantity of the sum herein insured.

This clause, in brief, obligates the owner of goods to act as though uninsured. If the merchant endeavors conscientiously to safeguard his goods the underwriters cannot claim breach of contract for failure to fulfill the obligations imposed by this clause. The owner of a cargo of a vessel should remember that the "sue and labor clause" is binding, and failure to act in accord-

ance therewith might void his contract of marine insurance. As soon as cognizant of a loss he should immediately take steps to avert or diminish the loss and see, as far as possible, that the rights of the underwriters are not in any respect jeopardized. With the modern means of rapid communication with all parts of the world, the owner of goods has no excuse for not giving prompt notification of possible loss or damage to underwriters.

F. P. A. E. C. Clause.—This means Free of Particular Average, English Conditions; that is, "warranted free from average unless general, or the ship be stranded, sunk, burnt, or in collision."

If the vessel should be stranded, the insurer has to pay particular average without regard to percentage, and whether or not the damage is in any way attributable to the stranding.

The damage to the goods may have occurred prior to the stranding or after the stranding, and from an entirely different cause; but, providing the goods were on board at the time of stranding and the insurance was then in force, the damage is recoverable from the underwriters.

The insurer incurs the same obligations if the vessel is burnt, sunk, or in collision; but a vessel which might be on fire is not necessarily interpreted as burnt nor is a fire confined to cargo covered. The term "or in collision" has been interpreted by the courts as if it read "with another vessel," unless otherwise modified in the contract.

F. P. A. A. C. Clause.—This means Free of Particular Average, American Conditions; that is, "warranted free from particular average unless caused by stranding, sinking, burning, or in collision." This clause is quite similar to the one discussed in the preceding paragraphs, and yet there is an important difference between them when they are explained. Under the English conditions a loss is covered whether due to the vessel becoming stranded, sunk, burnt, or in collision. The fact that it did incur one of these casualties is sufficient to warrant the adjustment of the insurance. Under the American conditions it is necessary to prove that the loss sustained was caused by the vessel being stranded, sunk, burnt, or in collision; and, if a vessel is stranded and some of the cargo is *stolen* after stranding, the loss will not be paid, although it is altogether probable the stealage would not have taken place if the vessel had not become stranded. Under the English conditions a similar loss would be paid.

Per Cent Particular Average Clause.—This clause means the goods are subject to a particular average if amounting to a named per cent. This percentage usually varies from 1 per cent to 5 per cent, and is applied either to the entire shipment or to each package constituting the shipment.

On shipments of case goods the insurance is usually placed with the percentage per package. For example: In making a shipment of 10 cases, value \$200 each, total \$2,000, the shipper would

have the following clause placed on his insurance policy:

"Subject to 3 per cent particular average, each case or shipping package separately insured." Under this clause, if there was a loss or damage amounting to more than \$6 in any one case, the insurance company would pay the claim. If the loss or damage was less than \$6 no claim would be entertained. If the entire shipment had been subject to a 3 per cent particular average clause the loss would have to have been at least \$60 before any claim would be entertained.

The object of this limitation in amount is to prevent an endless number of small claims, which would involve expensive adjustment without due return. The insertion of this clause in the certificate or policy, in one of its modified forms, is particularly advisable on most classes of merchandise and machinery, as will be readily observed from the preceding example.

With Particular Average. — Insurance With Particular Average (W. P. A.), which is equivalent to A. A. R. (Against All Risks), is a desirable form of insurance for goods liable to be damaged through rough handling or exposure to weather, or liable to be spoiled by water due to the containers not being of the kind suitable to withstand immersion. Insurance with particular average is usually confined to textiles and delicate machinery. Many British shippers of piece-goods cover the gray goods on F. P. A. terms, while printed and colored goods are insured W. P. A.,

even though all are destined to the same ports. In many cases goods can be insured "with average" in consideration of the payment of an extra premium, and the importer may desire to pay the higher rate in order to cover the greater risk. When goods are insured With Average the shipper is not protected against theft, pilferage, leakage and breakage. If he desires to be insured against these risks it must be so noted in the policy. Separate rates and special acceptance are required for insurance against these risks.

River Plate Clause.—The risk under this clause ceases upon arrival at any shed (transit or otherwise) store, custom house, or warehouse, or upon the expiration of 10 days subsequent to landing, whichever may first occur. The insertion of this clause is insisted on by most companies, particularly on policies to Brazil, Buenos Aires, and the River Plate, as owing to the large number of shore losses the insurance companies do not care to assume the risk. Whenever a policy contains this clause the consignee or banks should be advised to cover the goods with other insurance in case of lapse of original policy before delivery or acceptance of drafts.

Losses Not Covered.—Unless it is otherwise provided in the policy the insurer of a cargo is not liable for loss apparently caused by delay, although the delay might have been caused by a peril insured against as follows:

Ordinary wear and tear;

Ordinary leakage and breakage;

Inherent vice or nature of the goods, such as fruit or vegetables decaying, meat becoming putrid, flour heating by internal combustion, etc.

Riots, Strikes, and Lock-outs.—Damage caused by riots, strikes, or lock-outs is excluded from the general marine coverage. If it is desired to cover against these perils the policy must be so endorsed.

Theft and Pilfering.—Shipments are also subject to theft or pilfering, either before or after loading, while on board steamer, in warehouse, or in transit to the interior. Insurance to cover such risks is usually obtained, especially in the case of valuable merchandise.

The term "theft" is generally construed to mean the stealing of a *package*. A theft of a *portion* of the contents of a package is called pilfering. Both of these risks should be covered in the policy.

Safely Landed.—When goods are insured "until they are safely landed," they must be landed in the customary manner and within a reasonable time after arrival at the port of discharge. If they are not so landed the risk ceases.

Open Policies.—Most of the cargo insurance written for the large exporters is under what is known as an "open policy," which is a contract between the insurance company and the shipper by which the insurance company binds itself to cover risks up to large sums of money; but these policies usually provide that goods forwarded on any one vessel shall not exceed the value of

\$50,000. This amount, however, is sometimes increased to \$100,000 in value on any one vessel. These policies include in their terms all the various contingencies against which protection is desired; viz., pilfering, leakage, breakage, short deliveries, from warehouse to warehouse, fire risks, etc. "Warehouse to warehouse" means that the insurance becomes effective immediately after the shipment leaves the factory, store, or warehouse at initial shipping point in the interior or at the seaboard, and remains in force continuously until delivered at factory, store, or warehouse at destination.

Policies of this nature reading "from warehouse at point of origin to warehouse of consignee at final destination" also include the words "in due course of transit." These words are not thoughtlessly inserted; they have meaning, and the policy must be construed as protecting goods only in their movement from warehouse to warehouse, provided said movement is accomplished within a reasonable time.

When open policies are issued the usual arrangements are that shippers report promptly each shipment to the insurance company, and at the end of each month adjustment of premiums is made in accordance with the schedule of rates attached to the policy. When a shipment is made, the shipper promptly notifies the insurance company of the protection, under his open policy, that is required for certain values covering the goods described and shipped by a specified vessel on a

given date. The risk thus covered is endorsed on the open policy and a Certificate of Insurance having all the force of an original policy, is returned to the shipper by the company.

Certificate of Insurance.—The Certificate of Insurance (Form No. 35) issued to holders of marine insurance open policies has always been considered as an acceptable document and as evidence that the shipment in question had been insured under the shipper's regular policy. Recently, however, a legal decision was rendered in England by Justice McCardie, sitting in the High Court of Justice, King's Bench Division, who held that an insurance "certificate" was not an acceptable document within the meaning of a contract calling for an insurance "policy." This decision seems to have created considerable discussion because of its bearing on all foreign trade and because of the danger that, if accepted as law, other countries may follow suit. Most all of the large exporters have *floating* (or open) policies which cover all shipments made by them to any port of the world, and they receive only the insurance certificate as evidence that the shipment in question has been insured. Heretofore, these certificates have always been accepted as sufficient evidence, and it would create quite a disturbance if, instead, separate insurance policies would have to be supplied for every shipment made.

Perils of the Sea.—The term "perils of the sea" refers only to unexpected accidents or casual-

ties of the sea. The damage caused by springing a leak is not a charge on the underwriters, unless it be directly traceable to some unexpected occurrence. If a vessel is unseaworthy, because of ordinary wear and tear or natural decay, and springs a leak in consequence of the ordinary amount of straining to which she is unavoidably exposed in the general course of the voyage, for which goods are insured, the underwriter would not be liable.

A clause, admitting the seaworthiness of the vessel, is frequently inserted in policies for the purpose of insurance. Many companies employ an inspector of vessels and upon his report of the seaworthiness of a vessel, that fact is admitted in the policy. When this admission is attached to a policy it is a concession on the part of the underwriter that any leak arising *must be* from a peril of the sea.

War Risk.—All risks of war are excluded from the marine policy, but may be covered by endorsement on the policy or by a separate contract. War risk is still advisable because mines are even yet floating around. A steamer recently struck a mine in the Mediterranean and was sunk, many lives being lost, and a floating mine was observed a short time ago off Halifax. The cost of the war risk clause is a small amount at the present time.

Marine coverage may be secured to protect any insurable hazard, but it is proper for the insurer to realize what risks he takes and what risks are covered by his contract.

Chapter 62

COMMISSION HOUSES AND FREIGHT FORWARDERS

Commission Houses.—The reliable export commission houses render an essential service to the many inland manufacturers and foreign exporters, and they have been one of the greatest stimulants to our foreign trade. There are many so-called export commission houses—over 1,700 being listed in the Export Trade Directory for New York City alone, and in the many other American ports the number aggregates several hundred. There is no question but that these commission houses originated a large part of the enormous trade which the United States enjoys today. Export commission houses are not “brokers” and must not be confused with export agents, traffic managers, or forwarding agents.

Advantages to the Foreign Importers.—The merchant in a foreign country who sells a variety of goods cannot possibly keep in close and constant touch with the proper sources of supply, market conditions, and price fluctuations at this end; nor can he deal advantageously at long range with a considerable number of manufacturers scattered all over this country. He, therefore, combines his orders covering his requirements, sending them for execution to the commission house with which he has established relations.

Under such arrangements this commission house becomes his representative in this market, and he relies upon it for the purchase of his goods from the most suitable source and at the lowest market price commensurate with quality.

As far as possible, the shipments are combined at seaboard, instead of each manufacturer shipping his own goods separately to the foreign importer. This saves much duplication of expense; and this saving alone offsets to a large extent the charge which the commission house makes for its service. By an extensive follow-up system, the commission house minimizes delays in the execution of orders and in the shipment of goods, after they leave the hands of the manufacturer. It sees to it that all foreign consular and custom house requirements are carried out in accordance with the varying laws of different countries, thus protecting the foreign importer from the annoyance and the heavy fines which would result from lack of proper attention to these details, which require closer study and more intimate knowledge than the average inland manufacturer can be expected to possess.

After the goods arrive at destination the local representative of the exporter is available to look after any complaints or claims which the importer may find it necessary to make, either because of some fault in the execution of the order itself or because of damages which the goods may have suffered during transit. The importer is likely to look upon this particular service as of great

value when he is dealing directly with manufacturers thousands of miles away. It is, in itself, sufficient reason for the employment of a local commission house.

Last, but by no means least, the importer requires trading credit which the average manufacturer is not prepared to grant; nor can he be expected to do so, since he has not the same facilities for securing accurate credit information which the exporter possesses. The commission house is required to extend suitable credit terms to the importer, ranging from payment on arrival of goods at destination to 120 days from the date of shipment.

Advantages to the Manufacturer.—The average importer in a foreign country does not care whether the goods he buys come from Europe or from this country, so long as he obtains what he requires at a satisfactory price and on suitable terms. If he has any preference, it is probably in favor of Europe.

The manufacturer, if he produces goods suitable for export, must find a way to bring his wares to the favorable attention of the buyers abroad; and, to be effective, this must be done permanently rather than by periodical visits of a traveling salesman.

The up-to-date export commission house maintains branch offices or agents in the principal cities of all the countries in which it attempts to operate. In these offices it employs trained salesmen

who are familiar with the local trade and are favorably known to the buyers. Above all, these salesmen speak the language of the country, and as the result of long association understand and appreciate the peculiarities of the people with whom they deal.

In placing the sale of his goods in the hands of an export commission house thus well equipped, the manufacturer practically maintains his own selling force at the firing line, since the exporter's salesmen become his salesmen and the goods are marketed in line with the manufacturer's sales policy and at prices established and controlled by him. The only real difference is that the establishment of his own selling office in foreign countries, independent of the export commission house, entails considerable and constant expense to the manufacturer whether business is good or otherwise, whereas the exporter's remuneration is usually in the shape of a commission on goods sold and, therefore, does not mean expense to the manufacturer unless business is actually transacted.

Frequently, goods shipped to a foreign buyer are rejected because of some real or imaginary fault, and such rejections invariably mean a severe loss unless there is someone on the ground who can take charge of the situation and handle it in the interests of the shipper. During the year 1921, many millions of dollars' worth of goods were rejected in this manner, and the manufacturers who shipped direct and who did not have

their own representatives on the ground suffered extensively and severely from this trouble.

Even as the foreign importer needs credit, so the manufacturer at this end needs to get his money within a reasonable length of time after the goods leave his possession. If he has direct business in foreign countries he must give credit. In order to do this he may be able to negotiate a draft through the bank and get cash; but that does not necessarily mean that the cash will remain in his hands, because if the draft is not paid at the other end the bank will promptly demand refund here. If, however, he sells through a commission house he receives cash without any strings tied to it and he gets it in a shorter period of time than he allows to his domestic customers.

Other Advantages.—While there are many other reasons than those stated why both the foreign importer and the manufacturer here may benefit from their relations with the American exporters, the advantages named will suffice for the purpose of demonstrating the value of the services of a responsible commission house.

Foreign Freight Forwarders.—Many valuable facilities are offered by the large number of shipping agents who are generally called "foreign freight forwarders." Manufacturers at inland points who have no agents at our seaports, or who forward shipments of too small bulk to warrant minimum bills of lading and are yet too large for the parcel post, often find the services

of foreign freight forwarders almost indispensable.

Their Function.—Foreign freight forwarders exist because they fill a distinct need and they are, and should be, considered as specialists in foreign trade despatch as well as in development of trade, because of their constant contact with the ever-changing conditions. They must have extensive and exact knowledge in order to readily answer questions for shippers both from a domestic as well as a foreign standpoint. They must be up to date on railroad and express conditions, and must understand tariff interpretation and geographical conditions. For instance, if a shipper receives an order on which he must figure very closely, the freight forwarder must be able to tell him how he can best consign and route his shipment; the best port of call of steamer; whether to forward via the Gulf, Atlantic, or Pacific Ports; and, from a service standpoint, the conditions at the respective ports; so that his shipments will not be penalized unduly with heavy charges.

Lines and Rates.—The forwarders must be familiar with the conference lines and their agreements regarding commodity rates; they must be in a position to help shippers get rates reduced when foreign competition eats into their products in any country, and they are *expected* to force a way towards reducing rates to help overcome such competition. The forwarders are expected to give

expert advice on credits, and to know how to protect their patrons so that their goods will be consigned in such a way to meet the needs of credits. Without correct knowledge concerning these points trouble often occurs that might have been avoided; such, for example, as a shipment going forward "to collect" instead of having the documents discounted in this country. The banks are always ready to help, but this kind of trouble occurs before they can act to protect the shipper.

Shipping Instructions.—It is the custom of foreign freight forwarders, freight traffic managers, and export agents to furnish the inland manufacturers, whom they represent, with printed forms (Form No. 36) for the purpose of enabling these shippers to give explicit written instructions as to the exact manner they desire their shipments handled. The instructions contained in these forms are all important and show the method of consignment desired, the method of payment, the value of the goods, amount for which insurance is desired, marks, weight, measurement, etc. The principal purpose of shipping instructions of this nature is to relieve the export agents from any liability which they otherwise might incur. However, the competent export agent would immediately endeavor to rectify any error discovered in the instructions and would communicate with his client, explaining the error and advising the nature of the correction that should be made. Confirmation of the correction would be secured and the shipment would thus be handled correctly.

Insurance.—The forwarders are expected to protect shippers with marine insurance at the lowest expense or to give such advice on insurance as will meet the needs of the commodity. A shipper, with the best possible intentions, may insure his goods and think that he has full protection, only to find in case of loss or damage that his claim is not valid. He simply did not understand the intricate conditions of marine insurance. This is a matter to be handled by an expert whose services are well worth the slight cost.

Packing.—Packing is another point concerning which the forwarders are expected to have intimate knowledge, as packing makes or breaks a shipper in the eyes of the consignee and, from a risk standpoint, governs largely the rates of the steamship lines; that is, when you have established a reputation with the steamship lines for forwarding securely packed cases, more favorable rates may be obtained than if your reputation were otherwise.

Consular Regulations.—The forwarders must keep posted, more or less, with the ever-changing consular regulations, in order to avoid the heavy fines which are often disastrous to export shipments where the margin of profit is small.

Import Freight.—In handling import freight through the custom house, the forwarders are expected to have the customs regulations and tariff of this country well digested, so as to be able to make entry of foreign goods at the best duty

rate and to protect shipments from fines, storage charges and the many other penalties that might be incurred. They must also understand how to act in case of overcharge in duty.

Advantages Offered.—The services of a forwarding agent are practically indispensable to the inland shipper, in the combination of small shipments and in the requisite attention to consular invoices when they are required. The service which responsible forwarders render cannot be measured, as the scope of their work covers such a large field, but it is most appreciated by shippers located away from seaboard ports. However, export houses, even though located at the seaboard, cannot expect to keep in as intimate touch with the ever-changing conditions that come within the scope of forwarders, because of the great variety of commodities they handle.

Another advantage is that forwarders will sometimes send goods forward "freight collect" when the steamship companies themselves require prepayment. Under these circumstances the forwarding agents must prepay the steamship charges, but they invoice the charges forward to their correspondent abroad, who collects from consignees. The forwarding agents will sometimes forward goods on C. O. D. terms, sending the manufacturer's invoices to their foreign correspondents; arrange for collection of the amount from consignees, plus all charges that may have been involved; and remit the proceeds to the shippers.

Charges.—Charges made by forwarding companies vary according to circumstances. These charges depend much on the port of destination, the volume of their traffic which may be going forward to the same port, as well as the quantity and character of the individual shipment. Special rates are almost invariably quoted. The profit of a foreign freight forwarder consists chiefly in the saving effected in the carriage of goods entrusted to him, through combining shipments which otherwise would be subject to steamship's minimum charges.

Selection of a Forwarding Company.—In selecting a forwarding company for the purpose of handling their traffic inland manufacturers should exercise caution and investigate the responsibility of the one to whom they entrust their business. The services of a *reliable* forwarding company are of great value to inland shippers, but many opportunities are afforded for exploitation and inflation of charges; hence the necessity for caution. The selection of a reliable forwarding company, however, is a guarantee of correct and prompt handling of export shipments.

Chapter 63

IMPORT TRAFFIC

Method of Handling.—In considering the matter of import traffic it should be kept in mind that this traffic consists in the handling of many different commodities, no two of which are usually handled in the same manner. The method of handling import freight differs greatly in different localities. Therefore, it is possible to give only the most general features applicable to this subject, so in this chapter we will dwell on the most important points.

Classes of Imports.—Generally speaking, there are two classes of imports; viz., raw materials and wholly or partly manufactured goods. Raw materials are usually imported in bulk, generally in shiploads, and consist of such items as copper ore from Chili, coffee from Brazil, sugar from Cuba, cotton from Egypt, beans and tobacco from China, and various other commodities too numerous to mention.

Wholly or partly manufactured goods are usually boxed or crated in some manner. They are generally known as package cargo, and are seldom forwarded in ship loads.

Placing Import Orders.—In placing orders abroad raw material is usually purchased outright, while manufactured goods are either purchased outright or imported on consignment; which

means that the manufacturer abroad consigns his goods to an agent in this country, who endeavors to sell them for the account of the exporter abroad and does not render an account until after he has made the sale.

In placing orders for goods to be imported, three methods are usually pursued as follows:

1. The larger importing houses and department stores find it to their advantage to send their buyers abroad, where they come in direct contact with the producers or manufacturers of the goods they seek.

2. Other importers place their orders with the foreign exporter's agent in the United States, usually ordering against samples which the agent has on hand.

3. Another method is to order from samples, catalogs, or advertisement. This method, however, is not often satisfactory.

Fixing Terms of Payment.—In purchasing foreign goods, the prices, terms, and discounts form an important item and, as the purchaser is usually located at great distances from the sellers, it is essential that these points be definitely understood by both parties. The prices for merchandise, while usually quoted in the currency of the country of production, are now very often quoted in Pounds Sterling, or United States Dollars. The importer, therefore, should have a fair working knowledge of foreign exchange, in order to determine whether it is to his advantage to buy goods in foreign currency or in American currency.

When purchases are made in foreign currency, it is usual for the importer to protect himself against fluctuation in exchange by purchasing the amount of exchange required to finance his orders, or else he purchases futures in exchange, which means that he places an order with a banking house for future delivery of the amount of exchange required.

When agreeing on terms, the purchaser should be sure that terms are thoroughly understood by him. For instance, in the domestic trade in America, F. O. B. usually means, as we learned in Chapter 60, that the goods are delivered "Free on Board cars at factory"; whereas abroad, F. O. B. generally means, "Free on Board ship at port of departure." To avoid misunderstanding, it is necessary to use a more specific term, as "F. O. B. factory" or "F. O. B. ship at seaport." Goods are sometimes sold F. A. S., meaning "Free Alongside Ship," which means that the shipper will deliver alongside the vessel or at the wharf. The purchaser must then pay the charges for loading onto the ocean steamer. But the terms "F. O. B. Steamer" and "F. A. S." are frequently confused or misunderstood, so that it is well to be sure that the proper term is used.

Foreign shippers frequently sell their goods "C.I.F. New York" or other American port. This term means that shippers will pay for all inland and ocean freight charges up to the port specified and also cover the shipment with suitable insurance.

The quotations "C.F." or "C.&F." are often used and mean the same as "C.I.F.," except that the insurance is not placed by the seller. Occasionally the abbreviation for the term "Cost and Freight" is written "C.A.F.;" but the use of this abbreviation is not advisable, because it is liable to be confused with the French abbreviation "C.A.F.," meaning Cost, Assurance, and Freight —*assurance* being the French word for *insurance*.

When the insurance is to be taken care of by the purchaser the correct quotation is "C.&F." and this is the term most generally used. This quotation may also be written "C.F." and the meaning will not be misunderstood.

It must be remembered that none of these terms includes the American customs duty or the transportation cost from seaport to the purchaser's place of business. These charges must be paid by the purchaser.

Two other quotations not very often used are "C.I.F. & E." and "C.I.F. C.I.". The first means that in addition to the cost, insurance, and freight, the exporter assumes the cost of *Exchange*. The second term is the basis of price plus *Collecting* charges and *Interest* and is used to indicate that the collecting charges as well as interest on the draft are assumed by the exporter.

Financing Import Shipments.—There are several methods of financing import shipments and the importer cannot do better than consult his banker regarding the method which best suits his particular business. Where the seller requires

prompt payment, the usual method is to finance the transaction through a Letter of Credit; but if the purchaser and seller are well known to each other, it is usual to finance the transaction by sight bill of exchange. This is the usual method of financing imports from Europe, while from the Orient, or South America, imports are usually financed through letters of credit.

Where the financing is done by sight bill of exchange, the importer on receipt of his documents, or at the end of thirty, sixty, or ninety days, according to the terms, purchases from a bank doing a foreign exchange business, a sight draft, which is nothing more or less than a check on a banker abroad and he sends it to the seller. These sight drafts are always issued in duplicate and are forwarded on separate steamers so that should one become lost, the other can be negotiated through the bank.

Letters of Credit.—Where the shipment is to be financed through a letter of credit (Form No. 37) the importer arranges with his bank to have the bank draw a letter of credit, which is simply a letter from his bank to one of its correspondents abroad authorizing the correspondent to pay, for its account, to the seller against complete documents covering the value of the goods shipped. The letter of credit specifies in detail the time of delivery, the class of goods, the amount that must be paid, what documents must accompany the seller's drafts, also whether or not goods are to be insured by the seller, and such

other information as is necessary to guide the foreign bank in making correct and proper payment. This letter of credit is sent by the importer to the shipper abroad, who, when his shipment is ready for delivery, presents the letter of credit, together with his draft and the necessary documents including invoice, to the foreign bank. The bank takes his documents, pays him for the shipment, and enters the amount of the payment on the letter of credit. The foreign bank charges its correspondent bank in America with the amount paid the shipper and sends all documents to it. The American bank, in turn, charges the amount of the draft plus interest to the importer and turns all documents over to him, so that he can obtain the shipment upon its arrival. This is the fundamental principle on which a letter of credit is arranged. But there are, of course, many variations to meet different requirements; such as, "confirmed" and "unconfirmed" letters of credit, and letters containing features to cover the kinds of currency in which payment is to be made, etc.

Documentary Drafts.—Another method of paying for imports is to have the seller draw on the purchaser by his draft, to which are attached all necessary documents. But this method is not generally in favor, for the reason that unless the seller is well known by his bank he cannot very well negotiate against these drafts and, therefore, must wait for payment until the draft has been

accepted by the purchaser and advice of acceptance has been received by the seller's bank.

The documentary draft method of adjustment is favored in Great Britain and is generally used by the British, as the drafts may be readily negotiated through the foreign branches of the British banks. They are willing to discount the foreign seller's drafts in the interest of their importers at home. This method was also formerly used by German exporters. (Form No. 38.)

Import Documents.—Before a shipment leaves a foreign country, a consular invoice must be made out in triplicate or quadruplicate and sworn to before the American consul nearest to the point where the goods are assembled for export. There are two forms of consular invoices; one for goods purchased outright, the other for goods sent on consignment. The consular invoice is exactly the same as the usual invoice of the seller and the fee for consul's visé is usually \$2.50. Should the shipment arrive at an American port and the purchaser has not received the consular invoice, arrangements may be made with the customs authorities for the release of the merchandise pending the receipt of the consular invoices from abroad. (Form No. 39.)

The consular invoices must show all prices and terms and must fully comply with the Government regulations regarding the various kinds of information required by the customs authorities; such as, whether goods are purchased for paper or gold currency, the date of the order,

the marks or symbols of the maker, the difference between the prices shown on the invoice and the wholesale home market value, and whether the goods are subject to a consumption tax at home or an export tax is imposed on the goods in the country of exportation.

Steamship bills of lading covering imports are usually issued in triplicate and goods are consigned either to "order" or to the consignee, depending upon the terms or method of payment. Where payment is negotiated through a bank letter of credit, the shipments are very often consigned to the bank, as in this manner the bank controls the merchandise until the purchaser has reimbursed the bank.

Insurance.—All shipments from abroad should be covered by marine insurance as the possibilities of loss are numerous, and losses may be incurred through a number of circumstances, of which the following may be considered the most important:

- (a) Loss of vessel or cargo or both, through stranding, sinking, fire, or collision.
- (b) Loss or damage caused by shifting of the cargo, by sea water from heavy weather, or by fire or flood on shore before or after loading.

A policy of marine insurance does not cover every loss that may occur unless especially written. The subject of marine insurance has been treated quite fully in a previous chapter, so it is not necessary to go further into the matter here.

The Forwarding Agent.—If the purchaser takes delivery of his merchandise abroad, it is very important that he secure the services of a reliable forwarder in the country of exportation. The services of a forwarder are required to arrange for cargo space and insurance; to secure the necessary documents for clearance; to prepare and forward the shipping and (sometimes) financial documents; to advance freight charges when necessary; and, in case of bulk shipments, to charter the vessel.

The saving in time and money to the purchaser, effected by planning an economical routing, will repay the most careful study. After the ocean line has been selected, whenever there is a choice of railroad from the port of shipment, place the consignment with the rail line that has a terminal nearest to the dock where the steamer will unload, thus minimizing transfer charges. In determining the proper ocean service to use, the purchaser will have to depend greatly upon the forwarder abroad.

Import Ocean Freight Charges.—Ocean freight is charged on import shipments in the same way as for exports. The general rule is that heavy goods are charged by weight and light goods by measurement. The quotation "per ton, weight or measurement, ship's option" indicates that the rate will be applied either per ton of 2240 pounds or per 40 cubic feet, according to which will net a greater revenue to the steamer. The liability of the steamer is usually limited ac-

cording to the rate paid; but on articles of unusual value an additional rate, based upon the value of the goods, is charged, and the liability of the steamship company thereby increased.

The British steamers often quote their rates in Sterling plus a prime charge of 5 or 10 percent. The term prime formerly referred to money given to the captain or crew to insure special attention to the cargo, but at the present time the prime money accrues to the steamer and is usually accepted in place of loading charges. The practice of adding prime is gradually disappearing, the amount being included in the rate quoted.

Customs Entry.—Where the importer has to make customs entry and pay duties, it is recommended that he engage the services of a good broker who will attend to all custom formalities for him. It is absolutely essential that the customs work be done by one who has an intimate knowledge of customs regulations, customs duties, and the classification of merchandise; for, unless the proper classification is used, erroneous amounts of duties may be paid, increasing the cost of the goods to the importer.

There are many customs regulations that must be followed carefully, else the importer will find himself in difficulty. The most important regulation is the one which specifies the marking of imported merchandise. All imported goods must be marked with the *name* of the country of origin in English letters, in a conspicuous place on the ar-

ticle. Unless the goods are so marked, they will not be admitted into the commerce of this country.

Customs duties are provided for in the Tariff Act and are of two kinds: *ad valorem*, which means that the duty is based on a percentage of the value of the imported merchandise; *specific*, which means that duties are specified as at so much per unit of weight or measure.

On arrival of each import shipment the custom house official designates one package from each ten, and at least one package from each shipment, which is taken to the appraiser's stores for the purpose of examination. The importer furnishes bond that he will not dispose of the balance of the shipment until the portion taken to the appraiser's stores has been passed, but in actual practice the importer does dispose of these goods; so if the appraiser calls for further packages the importer usually supplies a verified sample.

Freight in Bond.—When a shipment of import freight arrives via rail "in bond," the mode of procedure is the same as if the shipment had arrived by steamer, with the exception that the I. T. number must be furnished to the customs when entry is made. Immediate Transportation (in bond) entry will not be permitted subsequent to ten days after the arrival of vessel at port of first arrival in the United States. It is the duty of forwarding agents at foreign seaports to see that bills of lading read accordingly if so instructed by consignors. When a shipment arrives at a

port in this country destined for some other port of entry to which it is to be forwarded "in bond," the customs officer at the port of arrival gives each shipment so destined an I. T. number for the purpose of identification. This I. T. number is noted on the shipping documents and, therefore, when clearance is made at the port of entry where delivery is taken the I. T. number must be given at the custom house. (Form No. 40.)

The shipments forwarded in bond via rail are placed in cars and sealed at the port of arrival, by a customs seal which must not be broken except by the customs inspector at the port where entry is made. This action is to prevent anyone tampering with the packages while they are in the custody of the Government.

Free Time.—The importer is allowed 48 hours after the arrival of a steamer, or after arrival of an "in bond" shipment at a terminal, in which to make custom house entry and file permit with the inspector in charge of shipment. If permit is not filed with the inspector before the termination of this period, the inspector may order the goods into "General Order." The General Order warehouses are designated by the collector and cover specified districts, but these warehouses must be bonded in order to obtain the General Order freight. There are two kinds of warehouses, "free" and "bonded," and shipments which are still under the supervision of the customs must be placed in bonded warehouses.

Chapter 64

FOREIGN EXPRESS AND PARCEL POST

Foreign Express Business

American Express Company.—In the ocean traffic field one frequently hears the expression: "there is no such thing as foreign express." When we compare foreign express service with the express service accorded in this country there is not much similarity, because foreign express matter cannot travel any faster than ordinary cargo, since it is transported on the same steamer. The American Express Company is the principal company transporting express matter in ocean traffic and, from a traffic standpoint, this company is interested only in the handling of shipments destined to non-adjacent foreign countries or originating in non-adjacent foreign countries. This company handles foreign shipments originating at interior points, which are turned over to it at the United States port of export by the American Railway Express Company, and it is also engaged in a general shipping business.

The American Express Company maintains offices at the principal United States seaboard ports, the more important interior points, and throughout the important parts of the world; thus affording to the American exporter and importer the facilities of a well equipped American organiza-

tion capable of handling the business, regardless of the destination or origin of the traffic.

Character of Service.—The American Express Company, in behalf of its clients, negotiates for cargo space, arranges for forwarding shipments from seaboard, issues through bills of lading, prepares the necessary consular documents, and arranges for marine insurance when required. The express company's activities are not confined solely to shipments moving by express; it solicits and handles export or import traffic moving in connection with freight service to or from the American seaboard.

Additional Facilities.—In addition to its traffic activities, the financial department of the company affords facilities for collection of drafts; the establishment of credits, under which payments are made against presentation of proper shipping documents; the sale and purchase of foreign exchange; and for supplying traveler's checks cashable throughout the civilized world. Its travel department arranges for complete tours, for individual steamship accommodations, and for hotel reservations. In fact, it looks after all the requirements of a traveler in foreign lands or in the United States.

Express Shipments to Adjacent Foreign Countries.—Express shipments destined for Canada or Mexico are handled by the American Railway Express Company in a manner similar to that of handling domestic merchandise.

Routing.—When shipments destined to the Orient, Australia, New Zealand, India, etc., reached via Pacific routes as well as via steamers from the Atlantic ports, are tendered without specific routing, shippers must designate on the packages the name of the seaport through which they wish to have their shipments forwarded; namely, San Francisco, Seattle, New York, etc. The quickest service to the points named is, as a rule, through Pacific ports.

Packing.—While it is assumed that all express agents will enforce the packing instructions of the express company in connection with export shipments, shippers should see to it that packages for ocean and foreign transportation are in such condition as to make certain of safe carriage throughout their long journey. Packing of this nature may require additional precautionary measures to be taken.

Sealing and Strapping.—When necessary to comply with the rules of ocean or foreign carriers, or to facilitate safe carriage of property, the express company will have boxes or cases sealed and strapped with iron. The cost of the material and labor thus used will be charged forward against the goods unless instructions to the contrary are received with the shipping documents. When such shipments are destined to countries where all charges must be prepaid, the charge for this service will be collected from shipper.

Marking.—The FULL NAME and LOCAL ADDRESS of consignee must be shown on each package offered for transportation by express to a foreign country. This address should appear not only in English, but also in the language of the country of destination. When addresses are badly shown, or apparently indistinct, or in any language other than English, the express company will usually ask for a letter or other document which may aid in starting the shipment, in order to prevent its remaining on hand at destination on account of inability to locate consignee.

When a shipment originates in a city or large town the name and address of the shipper, including the street and number, must be entered on the face of each package so as to facilitate proper delivery.

Export Declarations.—A shippers' Export Declaration must be prepared in duplicate as required for customs purposes, giving a list and separate values of all articles included in a shipment. It is necessary that such documents be prepared and sent with shipment regardless of whether or not the shipper has mailed the invoice direct to consignee.

Customs Clearance of Exports.—Merchandise exported from the United States by express must be declared under oath, in a clearance sheet which is filed with the customs officers at port of exportation. The express company will attend to this formality on shipments consigned in its care. The

designation of commodities must be accurate and minute. For instance: the term "Cotton Goods" is too general; shipper must specify "muslin," "hosiery," "yarn," etc.; and whether bleached, dyed, stained, or printed; whether a product of sea-island or upland cotton, etc. For engines, shippers must show make, kind, motive power, etc.

Export declarations must be so explicit as to meet the requirements of the United States Customs at the seaboard, thus preventing delay in forwarding the goods and possible complications in customs.

Notary Fees.—When export declarations in duplicate are received with the goods at the port of exportation and are complete, there is no charge for filing these with the customs authorities. If the declarations which accompany shipment are not notarized they will be executed at the port of exportation by a representative of the express company, and for this service there is a charge of twenty-five cents for notary fee on each set of such declarations. If shipments are received at the port of exportation without export declarations, but accompanied by an invoice or list of contents from which export declarations can be prepared at the port, the express company will prepare the declarations, execute them before a notary, and file with customs authorities. For this service a charge of fifty cents is made, which includes the notary fee.

Export Services.—The handling of express export business involves a variety of services; such

as, providing storage accommodations pending sailing of steamer, preparing export declarations, filing declarations at custom house, securing steamship permit for exportation, transferring shipment from warehouse to steamship pier, picking up receipt at pier and bringing it to the office, preparing set of steamship bills of lading, taking bills of lading to steamship office for signature, and mailing documents to the foreign port. All of these services represent expense to the express company and this "overhead" operating cost is a necessary element in all rates.

Rate Construction.—The rates published in the express company's Foreign Tariffs are stated in cents per pound, plus an additional amount as a shipping charge at the American port of export. The latter item is intended to provide compensation for the overhead mentioned in the preceding paragraph. The one pound rate plus the shipping charge represents the lowest amount for which the express company will provide satisfactory and responsible service, and this charge is increased very gradually for shipments of higher weights. The plan of publishing rates in this form is a new one and shippers will undoubtedly find it more simple and satisfactory than the more cumbersome schedules heretofore in effect.

Application of Export Express Rates.—Illustrative of the application of these rates, the following examples are given:

(a) Box 30 lbs. $1\frac{1}{2}$ cubic feet, New York to Antwerp. Tariff No. 4 provides rate of 6 cents

per lb., plus \$1.50, and to all other railroad stations in Belgium 10 cents per lb., plus \$2. 30 lbs. at 6 cents equals \$1.80. This added to the shipping charge of \$1.50 makes \$3.30 for this shipment. (See Supplement for Tariffs, pages 16-17.)

(b) Box 30 lbs. $2\frac{1}{2}$ cubic feet, New York to Antwerp. At 20 lbs. per cubic foot on ocean, $2\frac{1}{2}$ cubic feet should weigh 50 lbs., consequently rate to Antwerp must be figured on 50 lb. basis. Tariff rate, New York to Antwerp, is 6 cents per lb. plus \$1.50 shipping charge. 50 lbs. at 6 cents equals \$3.00, plus \$1.50, makes \$4.50 correct charge for this shipment.

(c) Box 30 lbs. $2\frac{1}{2}$ cubic feet, New York to Brussels. For the land transportation, Antwerp to Brussels, the cubic measurement is not taken into account; hence the charge, Antwerp to Brussels, would be the difference between the New York to Antwerp rate and the New York to "all other places on railroads" rate, which is four cents per lb. plus 50 cents actual weight. Therefore, 30 lbs. at 4 cents equals \$1.20; plus 50 cents makes \$1.70; which, added to the New York to Antwerp charge of \$4.50, as shown in paragraph (b) above, makes \$6.20 for the shipment, New York to Brussels.

30 lbs. New York to "all other places" \$5.00

30 lbs. New York to Antwerp..... 3.30

Difference \$1.70

50 lbs. New York to Antwerp..... 4.50

30 lbs. New York to Brussels..... \$6.20

Cancellation of Rates.—In computing the charges published in the express company's tariffs, the transportation charges of ocean steamship companies, foreign rail carriers, and others have been taken into consideration. As the express company has no control over the rates or charges of its connections, it is unable to guarantee these rates for any stated period. It must understand, therefore, that all rates for transportation, insurance, or for any other service, published in the express company's tariffs, are subject to change without notice.

Bulky Shipments.—The rates published in the express company's foreign tariffs are based upon 5 cubic feet to each 100 pounds. When any shipment offered for transportation to foreign countries exceeds this basis, the charge will be increased correspondingly. For example: assume that a box destined to Birmingham, England, weighs 60 pounds and measures 4 cubic feet. At 20 pounds to the cubic foot, a box measuring 4 cubic feet would weigh 80 pounds. In computing the charges on this shipment the express company would assess, from New York to Liverpool, the rate on 80 pounds and add to such amount the difference between the 60 pound rate to Liverpool and the 60 pound rate to Birmingham. Under this plan the shipper is charged for the excess bulk for the ocean portion of the transportation where the charges are based upon measurement, but is not compelled to pay on a weight in excess of the

actual weight for the land transportation, where the charges are based upon weight rates.

C. O. D. Shipments.—Shipments to foreign countries where prepayment of express charge is not required will be accepted, subject to collection of shipper's C. O. D.'s, but the transportation charges and all expenses incurred by the express company or its foreign connections, in respect to such shipments, must be guaranteed by the shippers.

Valuation Charge.—Shipments moving in ocean and foreign transportation are subject to two distinct classes of risks. First, "Marine Risks," and second, "Carrier's Liability." Generally speaking, Marine Risks cover perils of navigation; as, for example, if a vessel be burned, sunk, stranded, or in collision at sea, no carrier is liable for losses resulting therefrom. On the other hand, carriers incur certain obligations in connection with the safe transportation of the property entrusted to their care, and a loss resulting from a breach of such an obligation on the part of a participating carrier would be recoverable under Carrier's Liability, irrespective of any marine insurance arranged.

The express company's *valuation charge* provides protection to shipper or consignee beyond that which they would receive from an ordinary insurance policy. The placing of marine insurance does not provide for special stowage on board ship or extra careful handling and supervision in

connection with the transportation, while payment of valuation charge provides both of these, and in that way acts as a preventive of loss, as well as a means of compensating for loss.

Payment of valuation charge does not provide a means of recovering if loss or damage results directly from a peril of navigation, but it does protect the owner of the goods against loss, due to certain other classes of risks; as, for example, breakage, scratching, etc., due to lack of care in handling, etc. The assessing of the valuation charge is the only means that the carriers and connections have of being compensated for the risk which they incur of being held liable for losses payable under the policies of insurance arranged by or for the account of the owners of the goods. While the insurance company may be willing, for a sufficient premium, to write a policy so broad as to protect the owner of the goods against all of the risks referred to herein, such policy does not protect the express company and its connections from risks which they incur. If transportation companies were to apply the same charge for handling a shipment of high value as for one of nominal value, they would thereby become insurers without compensation for such service or for the liability incurred.

Application of Valuation Rate.—Shipments valued at \$50 or less will be accepted without assessing the valuation charge; but when the value exceeds \$50, additional charge will be made. This charge is computed upon the total value declared

without allowance or deduction of any kind, as the allowance of \$50 on packages of 100 lbs. or less and 50 cents per lb. on packages weighing more than 100 lbs. applies only up to the American port of export, and is not applicable either on ocean or foreign transportation lines.

Special Rates on High Values.—The valuation charges shown in the preceding paragraph apply only to shipments upon which values do not exceed \$500. The current rates on larger values may be obtained upon application.

Marine Insurance.—Shipments passing over ocean or water routes are not insured by the express company against losses arising from perils of the sea, unless marine insurance is requested and premium is paid therefor by shipper, in addition to the rates charged by the express company for transportation and value.

Uninsured Shipments.—When shippers do not desire to have the express company arrange for insurance, a notation should be placed across the face of the receipt reading as follows: "Insurance not required." This notation must be signed by the shipper and by the representative of the company receipting for the shipment, in addition to the usual signatures on the receipt.

Regular or frequent shippers to foreign countries, who do not desire the express company to arrange for marine insurance and object to making separate agreements of this character for each shipment as made, may furnish the express com-

pany with a general acknowledgment to the effect that insurance is not required on any goods shipped by them by express to foreign destinations.

Foreign Customs Regulations.—All packages upon arrival in foreign countries are subject to local customs regulations, which generally include opening and inspecting for the purpose of fixing correct amount of duty payable. While the express company and its connections will exercise the greatest care practicable, neither it nor its connections will accept responsibility for damage to goods resulting from improper handling in custom houses.

Guaranties.—In practically all foreign countries shipments from the United States are dutiable and subject to customs and revenue charges and taxes. Shippers to foreign countries, whether the goods are intended for commercial purposes or private use, must guarantee payment of duty levied by foreign governments and the incidental local charges which must be met in arranging release from customs custody.

Free Deliveries Abroad.—Frequently shippers desire that the express company should arrange delivery to consignee entirely free of foreign customs duties and local charges, all such items to be paid by the express company for shipper's account. In such cases the express company usually requires a deposit by the shipper of 50 percent of the value of the shipment; and when returns are

received from destination, proper adjustment is made with the shippers.

Prepayment of Charges.—The express charges on shipments to many countries and ports must be prepaid. Steamship lines, with few exceptions, exact prepayment of transportation charges.

Under the laws of most of the European countries sales cannot be made, as in this country, of unclaimed and refused shipments in order to realize the express charges, without going through formalities which not only would take years to consummate, but in the end would fail to realize the amount of accrued charges over and above cost of the proceedings.

Import Shipments.—The American Express Company, maintaining offices at New York, Boston, San Francisco, and Seattle, is equipped to handle all formalities and details in connection with import shipments, including customs clearance or bonding and reshipping to interior destinations in the United States, Canada or Mexico via express or freight service.

Goods cannot be forwarded from United States seaboard “in bond” unless bills of lading read “In Bond to named interior U. S. Port of Entry” and the required invoices accompany them, nor will an “Immediate Transportation (In Bond) Entry” be permitted ten days after the arrival of vessel at port of first arrival in the United States.

Foreign Parcel Post Service

Parcel Post an Aid to the Exporter.—Few American manufacturers are aware of the facilities offered by the U. S. Postal Department for the development of export business, and these facilities do not seem to be generally understood. Every exporter in the United States should obtain from the Post Office Department, at Washington, a copy of the Official Postal Guide and study the regulations. Some of these facilities are the low rates of postage on commercial papers (that is, copies of invoices, bills of lading, and other documents) and samples in packages.

Small orders may frequently be sent to foreign customers by parcel post at much less expense than by other agencies and usually the transportation is more expeditious. There is a weight limit on each package sent by parcel post to foreign countries, but this weight limit varies in different countries. However, when a shipment exceeds the weight limit it may be divided into several parcels, if possible, and thereby meet the weight requirements.

Customers often prefer to have small shipments forwarded by parcel post even though the cost is higher than by other means of forwarding, because in many countries the custom house regulations on parcel post matter are not so severe as when goods are received as steamship cargo. In fact, packages thus sent frequently pass with little attention to collection of duties.

It is rarely necessary in any country to employ a custom house broker in order to get goods shipped by parcel post; while, on the other hand, a broker is a necessity when cargo has to be cleared in the usual way, regardless of whether the shipment consists of a single package or a hundred cases.

Packing for Parcel Post.—Each package must be securely and substantially packed, but in such a way that it can be opened without damaging its cover, in order that its contents may be easily examined by postmasters and customs officials. A package must not be sealed, and should be packed in canvas or similar material, heavy wrapping paper or water-proof paper lined with linen gauze, double-faced corrugated cardboard boxes, or strapped wooden boxes made of material at least a half-inch thick.

When a sea voyage is long (as, for instance, to China and Japan) the packing and wrapping must be stronger than for nearby countries, but in all cases the goods must be packed in such a substantial manner as to assure safe transmission.

Marking the Packages.—Each package should be plainly marked with ink, in Roman or English characters, giving the name and full address of the person for whom the package is intended. The package should also bear the name and address of the *sender*, written on the package in such a manner as not to be mistaken for the address of

the receiver. It must also be marked conspicuously PARCEL POST.

Registration.—Packages for export will not be accepted for registration to some places. The points for which packages will be accepted for registration may be obtained from the United States Official Postal Guide. When the registration of a parcel is permitted to any place, the sender may have the package registered by paying a fee of ten cents. He will receive a "return receipt" in case of delivery, without additional charge therefor, provided he requests a return of receipt at the time of mailing.

Allowable Dimensions.—The greatest length permitted for packages forwarded by parcel post to foreign countries is 3 feet 6 inches (for exceptions see Postal Guide), and the greatest length and girth combined must not exceed 6 feet (for exceptions see Postal Guide). A package not more than 3 feet 6 inches in length may measure as much as 2 feet 6 inches in girth, or around its thickest part. A shorter package may be thicker; for if it measures no more than 3 feet in length, it may measure as much as 3 feet in girth, or around its thickest part.

The most convenient way of measuring a package is by means of a tapeline 6 feet long; so much of the tape as is not used in measuring the length is the measure of the maximum girth permissible.

Weight Limit.—The limit of weight in general is 11 pounds, but this limit to many countries

varies. Therefore, when forwarding a shipment by parcel post to a foreign country, the Postal Guide should be consulted in order to ascertain the correct weight limit.

Customs Declaration.—A Customs Declaration (See page 247) must be *properly* and *fully* filled out and attached to every package in such a manner that it does not seal or close the package so that it may be easily opened without damaging the cover. The contents, value, etc., must be accurately described in the English language, although an interlineation in another language, if desired, may be furnished. General terms such as MERCHANDISE or SAMPLES will not answer.

It is not sufficient that the customs declaration tag be tied to the package and allowed to hang loose. In addition to being tied by means of a cord passed through the eyelet, the tag should be bound to the parcel so that it lies flat thereon, and cannot be used as a handle to lift the package while in transit. All declarations must be postmarked at the post office of mailing.

Customs Duties.—Customs duties cannot be prepaid; they will be collected from addressees when the packages are delivered.

Enclosures in Parcels.—No parcels may contain packages addressed to persons other than the person named on the outside of the parcel itself.

A letter or communication of the nature of personal correspondence should not accompany, be

writtten on, or enclosed with any parcel. An open bill or invoice may be enclosed in a parcel.

Mailing of Parcels.—All packages for forwarding by parcel post to foreign countries must be taken to the post office, or a post office station, and presented to the officer or clerk in charge.

Samples by Parcel Post.—Small packages of samples, not exceeding 12 ounces each, gross weight, may be sent to all countries of the world included in the International Postal Union, at the rate of two cents for the first four ounces and one cent for each additional two ounces or fraction thereof. Sample post is supposed to be restricted to actual samples having no commercial value. The limit of 12 ounces, applying to sample packages via parcel post, does not permit sending samples of a good many articles, but it is a valuable facility and affords a quick way of putting samples of many articles (when packed in suitable containers) in the hands of an exporter's foreign customers, or prospective customers, at small expense.

Commercial Papers by Parcel Post.—Considerable saving in postage can often be made when a heavy lot of documents of no special value have to be forwarded abroad, by mailing them in a well secured, unsealed package and labeling them "commercial papers." This classification applies to such documents as bills of lading, invoices, etc.

When unsealed packets are posted as commercial papers the rates of postage are: 10 ounces for

PARCEL POST between UNITED STATES and

Form of CUSTOMS DECLARATION

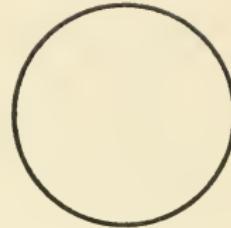
To be filled out at the
DESPATCHING EXCHANGE
Office

DESCRIPTION OF PARCEL (State whether Box, Packet, Bag, etc.)	CONTENTS	VALUE	* PER CENT.	*Total Customs Charges
			\$	\$
				TOTAL

Date of Posting.....192.....

Signature and address of Sender }

(DATE STAMP)
(Mailing Office)



*To be filled out at the RECEIVING EXCHANGE Office
(Form 2966)

five cents; each 2 ounces in excess of 10 ounces one cent additional.

Parcel Post Conventions.—The United States has not yet concluded parcel post conventions with all countries, but most of the principal commercial cities of the world can now be thus reached from this country, and this agency is being rapidly extended. A peculiarity of the parcel post service is that it costs less to send a package by parcel post from New York to Australia than it costs to send the same package from New York to San Francisco. Our country is divided into zones in order that equitable rates might be assessed, but in the foreign parcel post no zone system applies.

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